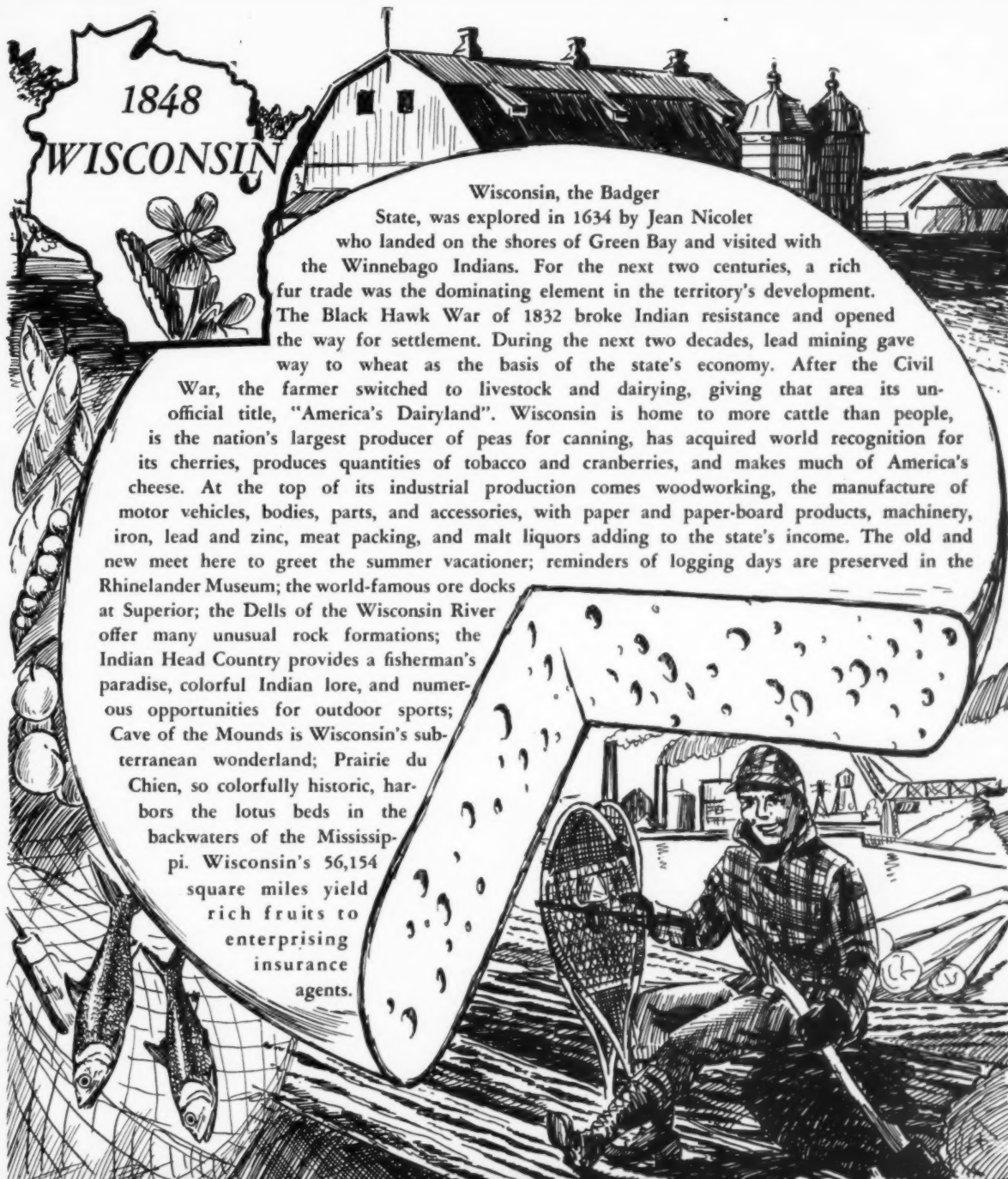


The NATIONAL UNDERWRITER



1848

WISCONSIN

Wisconsin, the Badger

State, was explored in 1634 by Jean Nicolet who landed on the shores of Green Bay and visited with the Winnebago Indians. For the next two centuries, a rich fur trade was the dominating element in the territory's development. The Black Hawk War of 1832 broke Indian resistance and opened the way for settlement. During the next two decades, lead mining gave way to wheat as the basis of the state's economy. After the Civil

War, the farmer switched to livestock and dairying, giving that area its unofficial title, "America's Dairyland". Wisconsin is home to more cattle than people, is the nation's largest producer of peas for canning, has acquired world recognition for its cherries, produces quantities of tobacco and cranberries, and makes much of America's cheese. At the top of its industrial production comes woodworking, the manufacture of motor vehicles, bodies, parts, and accessories, with paper and paper-board products, machinery, iron, lead and zinc, meat packing, and malt liquors adding to the state's income. The old and new meet here to greet the summer vacationer; reminders of logging days are preserved in the Rhinelander Museum; the world-famous ore docks at Superior; the Dells of the Wisconsin River offer many unusual rock formations; the Indian Head Country provides a fisherman's paradise, colorful Indian lore, and numerous opportunities for outdoor sports; Cave of the Mounds is Wisconsin's subterranean wonderland; Prairie du Chien, so colorfully historic, harbors the lotus beds in the backwaters of the Mississippi. Wisconsin's 56,154 square miles yield rich fruits to enterprising insurance agents.



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UNITED STATES FIRE INSURANCE CO.	Organized 1824	THE WESTERN ASSURANCE CO., U. S. Branch	Incorporated 1851
THE NORTH RIVER INSURANCE CO.	Organized 1822	THE BRITISH AMERICA ASSURANCE CO., U. S. Branch	Incorporated 1833
WESTCHESTER FIRE INSURANCE CO.	Organized 1837	SOUTHERN FIRE INSURANCE CO., Durham, N. C.	Incorporated 1923
THE ALLEMANNIA FIRE INSURANCE CO. of Pittsburgh Organized 1868			

WESTERN DEPT. FREEPORT, ILL. PACIFIC DEPT. SAN FRANCISCO SOUTHERN DEPT. ATLANTA ALLEGHENY DEPT. PITTSBURGH CAROLINAS DEPT. DURHAM, N. C.

THURSDAY, AUGUST 17, 1950



A Wolf, disguising himself in the skin of a sheep, and getting in among the flock, easily caught and devoured many of them. And Aesop, in his application of this famous fable said, "Thus it is we see tyranny stalking along under the mask of care and protection." How well that fits the "economic planners" who promise us cradle-to-the-grave security but who fail to mention it will be at the sacrifice of our right to live where we please, work at what we please and spend the fruits of our toil and industry as we please.

Herbert Hoover on his 75th birthday said, "...monopoly of power in the hands of Government instead of the people, is peddled in sugar-coated pellets by those who covet the power...they talk of a "welfare state," when they mean a state where men's freedoms are exchanged for a Government dole."



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Paul Fell Takes Over as Head of Blue Goose

**Young Elected Keeper:
Representation Plan
Is Voted Down**

By JOHN C. BURRIDGE

Paul M. Fell, Middle Department Rating Assn., Philadelphia, was elected most loyal grand gander of Honorable Order of Blue Goose at the final business session of the annual meeting at French Lick, Ind. He takes over from J. Ray Hull, American States, Indianapolis, who has completed a year of considerable accomplishment.

Alex B. Young, special agent of Hartford Fire in Missouri, was elected grand keeper, culminating a campaign of five



Paul M. Fell



Alex B. Young

years' duration that was charged with unusual interest when Clarence B. Herick, Michigan state agent of Yorkshire, entered the contest 2½ years ago.

Charles L. Beale on Deck

Charles L. Beale, Yorkshire, Dallas, moved up to grand supervisor, the on deck post; Sam L. Sterling, adjuster, Winnipeg, becomes grand custodian, and John Henry Martin, Standard Forms Bureau, San Francisco, is the grand guardian. The first official act of Mr. Fell was to reappoint R. A. Kenzel, Northern of London, Milwaukee, as grand welder, and Hubert O. Wolfe, Wolfe, O'Leary & Kenney law firm, Milwaukee, as judge advocate.

Attendance is High

The meeting attracted 500 ganders and their wives, an unusually good attendance. It was generally agreed that the arrangements made by the host Indiana pond in the beautiful setting of the French Lick Springs hotel produced one of the finest conventions in many years.

The issue of proportionate representation, which has been an agitating problem since 1947, was finally decided Thursday morning when the delegates voted to keep the status quo. The proposal, in the form of an amendment to the constitution, would have allowed the larger ponds expenses for more delegates to the grand nest meetings, although they would be restricted to the same number of votes per pond.

The meeting opened Monday evening with an informal party and dance. In the morning the grand nest officers met.

The Tuesday schedule included the international golf tournament and ladies golf, and in the afternoon there was special entertainment for the ladies in

(CONTINUED ON PAGE 26)

11 Hartford Fire Home Office Men Win Superior Rank

Promotion of five officers of Hartford Fire and addition of six members to the executive staff is announced. Elected as assistant vice-presidents are: G. S. Atkinson, P. S. Brown, B. B. Gracey, W. S. Vanderbilt and M. G. Wight, all of whom formerly held the title of secretary.

The newly elected assistant secretaries are R. P. Barton, claims superintendent automobile and inland marine department; B. M. Douglas, superintendent special risk department; E. M. Kelley, manager inland marine department; F. E. Mann, chief accountant; Harold Wilkinson, claims superintendent, and R. E. Young, office manager.

Mr. Atkinson has been with Hartford since 1919 and prior to that was with Factory Insurance Assn. He was elected assistant secretary in 1935 and secretary in 1941, and for the past five years has supervised the automobile and inland marine department in the east.

Mr. Brown went with Hartford in 1921 after graduating from Massachusetts Institute of Technology. He was elected assistant secretary in 1935 and secretary in 1941. He has been in charge of office management and represents Hartford on American Foreign Insurance Assn. and supervises Hartford's direct business in Cuba, Puerto Rico and Virgin Islands.

Career of Gracey

Mr. Gracey went with Hartford in 1930 as general adjuster, became assistant secretary in 1940 and secretary in 1944. He was a past president of Loss Executives Assn. He was with Aetna Fire for many years and for a time was vice-president and treasurer of a Syracuse local agency. From 1932 until 1936 he was Hartford manager of Fire Companies Adjustment Bureau. He supervises the middle department field for Hartford.

Mr. Vanderbilt, a graduate of Cornell university, had a distinguished military record in the first war. He went with Hartford in 1920 as manager of the newly organized rain department which was expanded to include other specialty lines in the east. He is in charge of writing hail insurance on tobacco in the Connecticut valley and handles the home owners loan account. He also supervises underwriting activities in New York state except for the metropolitan area. He was elected assistant secretary in 1935 and secretary in 1941. He is chairman of Hartford's advertising committee.

Mr. Wight is in charge of underwriting in New England. He joined Hartford in 1922 and has been in the insurance field since 1912. He is a past president of New England Insurance Exchange and is charter president of Bay State Field Men's Club. He was elected assistant secretary in 1932 and secretary in 1935.

Mr. Barton joined Hartford Fire in 1921 and since 1945 has been superintendent of the automobile and inland marine loss department. He attended University of North Carolina and is a veteran of the first war.

Sprinklered Risk Supervisor

Mr. Douglas has been with Hartford since 1912 and has supervision over sprinklered risks, public utilities, sprinkler leakage lines and water damage.

Mr. Kelley was with Aetna Fire a number of years in the marine department at Chicago, Columbus and Cleveland, and has been with Hartford since

Fire Losses Up for Sixth Month in 1950

NEW YORK—Fire losses increased for the sixth month this year over last with a National Board estimate of \$52,980,000 for July, up 6.8% over July a year ago.

Losses for the first seven months of 1950 reached \$420,097,000, increase \$21,698,000 or 5.4% over the same period of 1949.

For the 12 months ending July 31, losses were \$738,826,000, increase 9.7%.

Losses by months for 1950 and the two preceding years are:

	1950	1949	1948
Jan. ...	58,823,000	57,926,000	63,010,000
Feb. ...	58,340,000	62,124,000	71,521,000
March ...	72,468,000	67,218,000	74,236,000
April ...	61,605,000	55,290,000	63,751,000
May ...	58,765,000	54,162,000	59,256,000
June ...	57,116,000	51,787,000	43,706,000
July ...	52,980,000	49,592,000	50,955,000

Total ... \$420,097,000 \$398,399,000 \$437,435,000

Miami University to Give Products Hurricane Test

Insurance people are watching with interest the developments of the University of Miami's hurricane research laboratory which has the backing of construction interests and manufacturing concerns in Florida.

The project consists of testing building products in a laboratory which will produce a wind up to 120 miles an hour under actual hurricane conditions. Water will be directed against the building in simulation of wind-driven rain.

The tests will balance the value of steel frames against aluminum frames; steel and aluminum against concrete; all types of wood, and determine the best type of frame for the area's storm conditions.

Manufacturers carrying the laboratory's seal of approval, it is thought, will vouch for the product to architects and insurance underwriters.

\$100,000 Floor in Cover

An article in the New York Times on catastrophe reinsurance, citing the pioneering in this field of North America, states that "it is generally recognized that insurance companies cannot arrange a well balanced book of fire business based on an exposure to loss beyond \$300,000 on any individual risk, or \$100,000 on an inland marine individual risk." North America has decided "that only purchasers of insurance who have a genuine catastrophe hazard will be considered. The first loss—that is, the loss to be covered by the self-insurance fund—must be at least \$100,000. Coverage offered would exclude trade losses, normal partial losses, and maximum probable losses."

1946. He has been manager of the inland marine department since 1949. He is chairman of the agricultural machinery and livestock committee of Inland Marine Insurance Bureau.

Mr. Mann went with Hartford in 1914 and in 1949 was appointed chief accountant for the entire country.

Mr. Wilkinson has been with Hartford since 1919 and since 1944 has been superintendent of the claim department.

Mr. Young is a graduate of the University of Maine and has been with Hartford since 1936. He emerged from military service in the last war as a major and since then has been engaged in office management duties for Hartford Fire.

Graves Rules North America's Installment Endorsement Is Legal

**Commissioner Finds Plan
Is in Public Interest,
Not a Deviation**

LITTLE ROCK — Commissioner Graves Tuesday handed down his long awaited decision on the installment premium payment of the North America, ruling that the filing is legal under act 50 of 1947, Arkansas fire insurance rating law, and recognizing that provision for purchasing fire insurance on an installment basis is in the public interest.

"There is no requirement of Arkansas law which prevents the use of the installment premium endorsement," Mr. Graves said in his order. "Installment plans are customary in virtually every type of insurance other than fire, such as life, inland marine and casualty." He said "the endorsement makes it possible for a larger portion of the insuring public to purchase more adequate fire insurance which is desirable and in the public interest." The need for such a facility as the installment plan, Graves said, was demonstrated by the fact that financial institutions in Arkansas are engaged in lending money to policyholders on notes secured by the unearned premium value of term fire policies for the purpose of permitting them to take advantage of term discounts.

Consistent With Bureau Filings

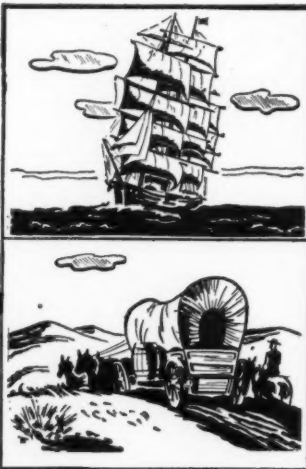
Mr. Graves' order stated that the Arkansas inspection and rating bureau does not have on file with the department, under the provisions of the fire rating law, any rate, rating schedule, rating plan, rule or regulation with which the installment plan is inconsistent or from which it is a deviation. "The installment payment premium plan is a change in custom only," he said. "In fact, there is no filing of the bureau which requires premiums on fire insurance policies to be paid in full at the inception of the policy, and there is no filing of the rating bureau which provides that insurance coverage provided by fire insurance policies shall not be reduced by payment of losses."

Mr. Graves pointed out that 36 fire companies have received permission to use the endorsement in Arkansas and that 34 state jurisdictions permitted its use. Since the endorsement may be used by all fire companies, upon request to and approval by the commissioner, there has been no monopolistic practices by any of the companies, he said.

"The evidence presented at the hearing," Graves' opinion continued, "does not show that the rates produced by the filing of North America are excessive or inadequate. The endorsement has not yet been sufficiently used in Arkansas to determine by statistics whether the rates charged are too high or too low. The filing was based, on the judgment of the insurer, in conformity with the Arkansas fire insurance rating law. Likewise, justification for the prepaid term rule is based on the judgment of the insurer, since no statistics are on file with the commissioner supporting said rule."

Mr. Graves ruled that the plan is not unfairly discriminatory, provided the

(CONTINUED ON PAGE 13)



yesterday and today...

Years ago we insured goods in transit by conveyances of that period. Now we do the same for the World Trade of Today by all present modes of transportation. The era of jet planes has arrived, and we will furnish all transportation insurance needs of the future.

OCEAN MARINE INLAND MARINE AIR CARGO ALL RISKS INSURANCE
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- Truck Physical Damage
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Crop-Hail Outlook: Lower Volume, Good Experience

With about six weeks still to go before the bulk of the liability on crop-hail business expires, hail insurance underwriters are fairly optimistic over their prospects.

Premium volume is running 70 to 80% of that of 1949, principally because of drouth and insect conditions in the southwest which reduced premiums in the territory by as much as 75%. However, much of this lost business has been recouped by an increase in volume in North Dakota, Montana, Oregon, Washington and Canada. This has created the situation of a proportionately heavier liability in the northern states and this is combined with a late harvest season in that territory caused by heavy rains and flood conditions. In North Dakota and northern Minnesota the companies have extended the expiration date by two weeks without charge because of the lateness of the spring wheat crop harvest. Therefore, the outlook is still indefinite as to losses over-all. For the business that has expired, however, the loss ratio is satisfactory.

The companies attempted to underwrite the business more closely than ever this year because of the unusual weather conditions. After the fadeout of business in the southwest, it was realized that the bulk of the premiums would be coming from the northern states. The early spring outlook was unfavorable because of floods and it was reported that some of the crops would have to be abandoned. This was not the case, but every effort was made to obtain a good spread of business.

Texas produced an excellent experience on wheat, but cotton, which expires Oct. 14, has been heavily hit by hail since the wheat harvest. In Arizona losses were heavier than usual, and Nebraska is on the profit-loss border. In Kansas, where premiums were down about 40%, the losses were fairly light.

The most severe loss ratio this year apparently has been chalked up in North Carolina where the tobacco crop was heavily damaged.

Pa. Escott Hearing Sept. 10

HARRISBURG, PA. — The Escott rating plan for multiple location fire risks will be reviewed before Commissioner Leslie at a hearing here Sept. 13.

Department officials said the plan could not go into effect in Pennsylvania until it is reviewed and acted upon by the department. The department was ready to hear the case Aug. 15 but the companies interested in adoption of the plan asked for more time to prepare for the hearing.

Dwelling Cover Unprofitable Up to \$5,000, Losses Only

A company executive who has questioned for some time whether dwellings were the preferred class of business they have been regarded for so many years, made a study of all his frame protected dwelling policies, country-wide, counting in household furniture coverage where it existed. This was fire only. The volume is substantial enough to give the analysis and its indications real weight.

His study showed that on policies up to \$1,000, the loss ratio was 200% from \$1,000 to \$2,000, 90%; \$2,000 to \$3,000, 75%; \$3,000 to \$4,000, 55%; and \$4,000 to \$5,000, 35%. Above size \$5,000 the loss ratio improved even more markedly and was 30% on policies between \$7,000 and \$8,000. For policies of \$1,000 to \$5,000, the loss ratio is approximately 65%.

It also showed that frequency of loss is higher on \$1,000 policies than in any other policy bracket. Yet the average dollar loss is approximately the same for all brackets up to \$8,000. The study excluded expense entirely.

When the policy got to \$15,000, the loss ratio began to increase. For all dwelling policies the average frequency of loss was one for every 15 policies. However, around the \$7,000 level, there was one loss in 20 policies, whereas for \$1,000 and \$2,000 level the frequency was one in ten.

Obviously, on this type of policy, the expense is heavy. A great deal of the problem revealed here is undervaluation of the insurance is not to value. This observer estimates that on his own business the ratio of sound value of property to insurance, in the dwelling field, still is around 60%. This is very pertinent to any study of the subject of either expense or loss ratio of small dwelling policies.

It is true that on \$1,000 policies the average rate is higher, 67½ cents, compared to an over-all rate for dwelling policies of 50 cents, but there still is not enough premium, even though many of the premiums on the smallest policies are minimum.

The company can do a little toward solving its problem by steering clear of agencies that give it minimum premium stuff pretty exclusively. The agency can help solve the problem by increasing insurance to value, adding extended coverage to all policies, putting on rent and extra expense, etc.

Carter Kentucky Agencies has been established at Covington, Ky., to write general insurance and fidelity bonds. Incorporators are George B. Carter, Paul E. Zachow, and Orville Schwegel.

Companies' First Six Months Results

	Assets June 30	Surplus June 30	Increase or Decrease in Surplus from Dec. 31 1949	Premiums First Six Months 1950	Written First Six Months 1949
Accident & Casualty...	\$11,439,559	\$ 2,996,526	195,512	\$ 4,287,893	\$ 3,478,935
American & Foreign...	15,648,809	6,508,858	370,022	3,244,089	3,459,232
American Auto Fire...	14,895,694	4,557,208	—993,617	7,967,511	6,953,421
American Automobile...	67,849,335	19,930,761	—311,093	22,542,870	20,171,734
Associated Indemnity...	18,750,248	7,005,565	—90,176	4,980,444	5,835,653
Columbia Casualty...	15,317,029	4,785,088	164,863	3,142,040	3,190,573
Concordia...	9,140,412	3,280,719	405,151	2,237,061	2,271,999
Employers Fire...	16,381,956	5,705,171	284,200	5,620,960	4,925,618
Employers Liability...	82,233,355	21,251,518	237,938	23,047,985	22,867,646
Farm Bur. Mut. Fire...	8,558,838	2,458,724	219,211	4,079,368	3,264,129
Firemen's...	93,661,604	39,262,268	2,490,859	19,174,807	19,474,203
Franklin National...	6,693,137	4,949,121	—390,113	657,911	629,735
Girard F. & M.	9,486,419	3,204,874	219,211	2,237,061	2,271,999
Globe & Rutgers...	19,293,965	9,157,363	238,082	3,723,330	3,752,827
Ins. Co. State of Pa...	7,050,038	3,131,027	79,027	1,501,677	1,525,827
Mechanics & Traders...	8,980,551	5,338,425	—424,542	1,425,474	1,364,475
Merchants Fire, N. Y...	33,637,990	19,325,601	537,532	5,410,675	5,422,847
Merrimack Mut. Fire...	7,287,347	2,295,425	181,722	2,340,412	2,019,949
Milwaukee Mechanics...	24,286,491	8,392,527	412,901	6,072,022	6,166,833
Natl. Ben Franklin...	9,103,118	3,234,601	198,185	2,237,061	2,271,999
Northern Assurance...	14,994,443	4,451,671	184,195	4,035,429	3,857,269
Patriotic...	4,694,071	2,497,862	—54,397	997,607	1,013,433
Planet...	4,225,229	1,880,547	—124,230	1,254,323	814,123
Resolute...	15,189,351	1,846,642	—29,579	6,255,747	6,214,557
Royal Exchange...	9,024,295	3,168,137	155,937	2,223,922	2,250,159
Royal Indemnity...	75,731,645	25,708,850	—774,039	18,595,494	18,259,538
Standard Accident...	73,252,692	20,691,388	180,507	21,143,075	18,411,314
Sun Office...	10,793,654	3,046,455	—198,874	2,516,820	2,986,544
Sun Underwriters...	13,605,692	4,901,503	2,872	3,425,384	3,466,677
Sun...	2,603,477	1,244,438	—21,755	554,722	601,233
U. S. Guarantee...	37,019,162	17,365,170	720,273	7,075,183	6,078,203

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Excess Clause of Reporting Form Governs Apportionment, Court Rules

A case that involves the relationship of specific fire insurance and monthly reporting form fire cover on the same property has been decided by the California district court of appeal. The court reversed the trial court and held that the insurers on the specific cover could not include the liability of Fulton Fire, which wrote the reporting form, in apportioning their share of the loss; but that they had to pay up to the face amount of their policies before the reporting form began to contribute.

The case, which has attracted considerable attention, was that of B. Allison Gillies, et al. d.b.a. Acme Saw Works, vs. Michigan Millers Mutual Fire and Northwestern Mutual Fire. Fulton Fire, proceeding through insured from which it had taken a loan receipt agreement, was represented by George Penney, Robert M. Newell and Theodore A. Chester of Los Angeles, with Rein, Mound & Cotton of New York, special counsel on the appeal. Schell and Delamer, Sampson and Dryden and Jacob Swartz, all of Los Angeles, appeared for Michigan Millers and Northwestern.

Antithesis of Intention

The conclusion of the court was that considering the clear and explicit meaning of the excess clause in Fulton Fire's reporting form policy, the effect of the judgment of the lower court is exactly what it would be if the author of the excess clause had concluded with a provision for Fulton to apportion any loss with the specific insurers, which is "the antithesis of the intention of the excess clause as written."

Insured on Oct. 25, 1946 suffered a fire loss which destroyed merchandise to the extent of \$34,417. They carried three policies, \$25,000 in Michigan Mutual Fire; \$5,000 in Northwestern Mutual, and \$80,000 provisional in Fulton Fire with a limit of liability of \$115,000.

In arriving at the decision that the loss should be apportioned among all three companies, the lower court adopted the figure of \$73,682 as the "amount" of Fulton's insurance by deducting the \$30,000 specific insurance from \$103,682, the value of the stock on the day of the loss.

The insurers disputed the extent of each's liability. Unable to resolve their disagreement as to the extent of each's liability insurers paid insured the amount of loss based on an apportionment as advocated by Michigan Millers and Northwestern, as follows: Michigan, \$8,298, Northwestern, \$1,659 and Fulton, \$24,439, pursuant to loan receipts under which Fulton then proceeded to sue, in the name of insured, to recover from defendants that part of its payment which exceeded the \$4,417 excess for which it conceded liability.

No Dispute as to Facts

There was no dispute as to facts in the case. The loss had occurred before the first report of values was due under the Fulton policy, and since it exceeded the \$30,000 in specific insurance, adjuster Edward B. Lilly of the Los Angeles office of General Adjustment Bureau, handling the case for Fulton, advised insured to make no deduction for specific insurance from the values thereafter reported, since it was deemed that the specific insurance had been exhausted by reason of the fire.

The Michigan Millers and Northwestern policies were on the California standard form containing the usual clause requiring apportionment with other insurance. The Fulton policy contained the customary reporting form clauses providing for contribution with other reporting coverages and stipulating that specific insurance was permitted but that "in the computation of the final premium it shall not be permissible to deduct or credit such specific insurance against the values shown in the monthly reports except when (a)

it has been necessary to procure such insurance to protect values in excess of the limits of liability of this policy, or (b) it has been disclosed by written endorsement hereon showing location, expiration and amount." There was no mention of any specific insurance in the

Fulton policy and the specific coverage was not "necessary . . . to protect values in excess of the limits of liability." The reporting form also contained the usual excess clause.

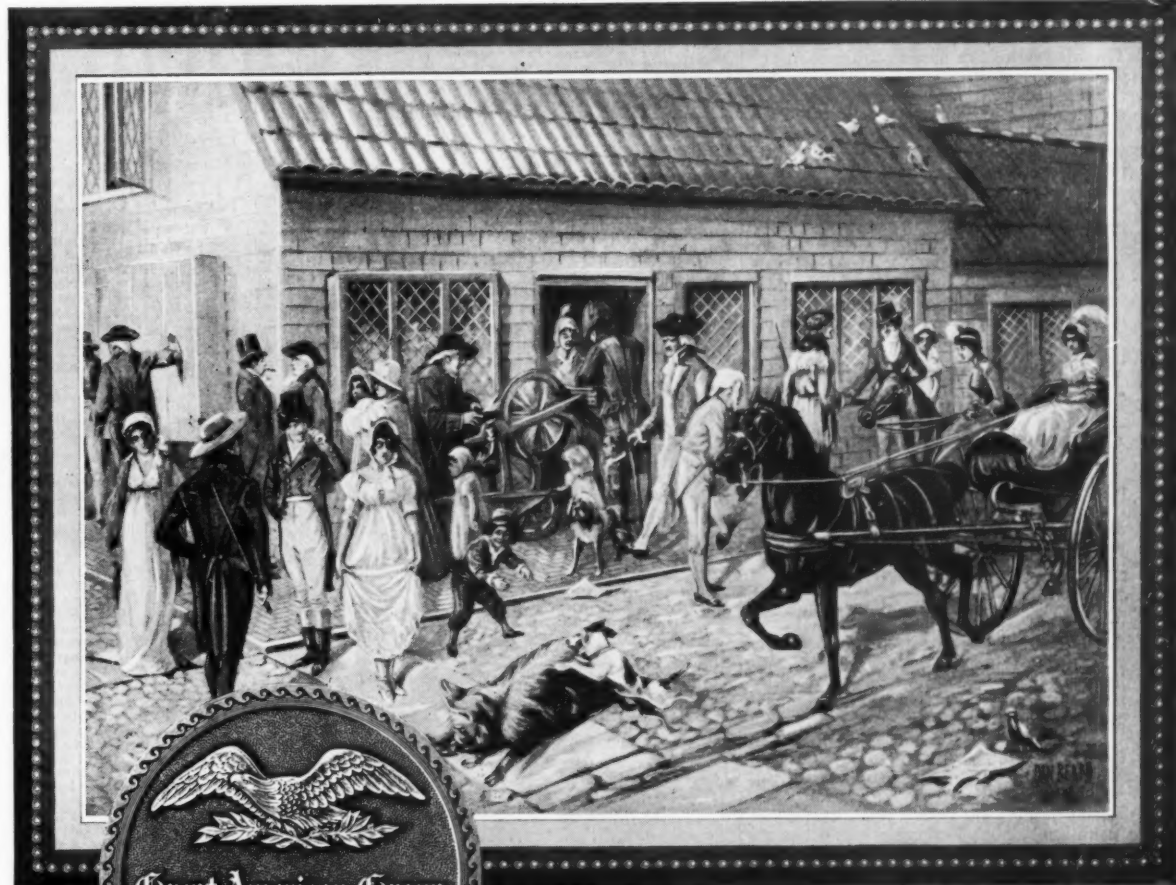
The appeal court states that the contracts of Michigan Millers and Northwestern are standard fire policies providing fixed and inflexible coverage at definite premiums. In event of loss the insurer carrying such specific insurance is liable to the extent of its policy. If

there are two or more policies of specific insurance they pro rate the liability to the extent of their joint coverage, but if insured carries a floater or monthly or reporting policy, the insurer shares the liability on a different basis.

The reporting form is designed to cover situations in which stock fluctuates from day to day or moves from one location to another or is located in several establishments, the court states. In

(CONTINUED ON PAGE 28)

An advertisement similar to this appears in SATURDAY EVENING POST, August 12 and in NEWSWEEK, September 18



"Colonial Days in New York"—Showing Liberty and William Streets, now the site of the Great American Building. Drawing by Dan Beard.

On Protecting Progress

America has come a long way since Colonial days. With its progress have come new inventions—great industrial development—yes, and new hazards.

As the nation has grown, so insurance has grown with it. For over 78 years, the Great American Group of Insurance Companies has kept abreast

of progress by helping to develop new forms of protection to meet the ever increasing demands of a complex society.

Call one of Great American's 16,000 local agents, or your broker, to learn how simple and inexpensive it is to protect yourself and your possessions.

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Inland Marine 1949 Premiums Are \$246 Million, Up 7 Percent

Inland Marine Insurance Bureau has released the experience figures for inland marine lines for 1949. These include the writings not only of I.M.I.B. members but of members of Transportation Insurance Rating Bureau and of independent insurers.

The figures represent direct premiums written less return premiums and reinsurance premiums while loss figures represent direct losses paid less salvages. The loss ratios are based on direct losses paid to direct premiums written.

Total inland marine premiums written of all types of insurers amounted to \$246,074,002 which was an increase of 7.06% or \$16,239,140 from 1948. The loss ratio was 40.49 as against 42.9 in 1948.

Members and subscribers of I.M.I.B. wrote 92.86% of the business and their loss ratio was 40.55.

Members of the mutual rating bureau wrote premiums of \$8,527,090 and their loss ratio was 33.34. The independent stock companies had premiums of \$9,050,667 and their loss ratio was 45.65.

Wm. Penn Pursues New Plan of Reinsurance; Pa. Hearing Postponed

HARRISBURG — Another postponement of the William Penn Fire hearing before the Pennsylvania department of justice to determine if the company can be rehabilitated was announced by insurance Commissioner Leslie.

The state hearing set for Aug. 15 was postponed another two weeks to Aug. 29, Mr. Leslie said. He added the action was taken at the request of William Penn to give the company more time "to pursue a new plan of reinsurance which appears to have merit."

Mr. Leslie suspended William Penn from writing new business last month. A July 31 justice department hearing was set for the company after Mr. Leslie found it to be in a "hazardous condition." That hearing was postponed to Aug. 15 and is now extended for another two weeks.

Purpose of the impending hearing is to determine if the company can be rehabilitated or should be thrown into liquidation. Meantime, the company is permitted to pay claims on existing policies and is doing so, but return premium claims are not being paid.

Ross Heads Canadian Group

T. Bruce Ross, Canadian Fire, has been elected president of Western Canada Insurance Underwriters Assn. Vice-president of the fire branch is Leonard Hook, Royal-Liverpool, and of the automobile branch, R. G. Boyd, Commercial Union.

Inland Marine Premiums, Losses Shown for 1949

CLASS	Written Premiums \$	Paid Losses \$	Ratio Losses Paid to Premiums Written %
Personal Property Floater			
<i>Blanket Portion Full Cover</i>			
5,000 and under	3,795,046	4,045,606	106.60
5,001 to 10,000	4,047,466	2,979,254	73.61
10,001 to 20,000	2,390,603	1,696,249	70.95
20,001 and over	2,383,383	1,786,577	74.96
Total Full Cover	12,616,500	10,507,687	83.29
<i>Blanket Portion Deductible</i>			
5,000 and under	9,701,231	4,190,832	43.20
5,001 to 10,000	8,907,996	3,168,040	35.56
10,001 to 20,000	5,088,123	1,842,022	36.20
20,001 and over	3,416,595	1,507,715	44.13
Total Deductible Cover	27,113,947	10,708,611	39.49
Misc. Scheduled Property other than Jewelry, Furs and Fine Arts	142,644	73,553	51.56
Personal Jewelry Full Coverage			
<i>Unclassified as to Policy Amt.</i>	17,984,810	7,637,806	42.47
5,000 and under	7,853,828	3,029,517	38.57
5,001 to 10,000	1,592,011	627,950	39.44
10,001 to 50,000	1,766,446	1,128,076	63.86
50,001 to 100,000	374,805	307,538	82.05
100,001 and over	234,833	157,851	67.22
Total Full Cover	29,806,736	12,888,440	43.24
\$50 Deductible Cover	538,550	448,072	83.20
Required Details Not Furnished	1,882,155	856,839	45.52
Personal Furs			
<i>Minimum Premium Policies</i>	1,716,217	422,195	24.60
<i>Unclassified as to Policy Amt.</i>	10,174,998	3,453,437	33.94
10,000 and under	1,897,765	597,938	31.51
10,001 to 50,000	127,857	38,034	29.75
50,001 to 100,000	4,559	42	0.92
100,001 and over	340	636	187.06
Fine Arts—Private Collections			
<i>Fire Protected Areas</i>	1,729,451	365,553	21.14
<i>Unprotected Areas</i>	137,504	43,329	31.51
Required Details Not Furnished	16	16	100.00
Fine Arts—Dealers, Museum, Etc.	786,670	208,278	26.48
Cameras, Sound Equipment			
<i>Private Risks</i>	1,700,617	651,530	38.31
Commercial other than Motion Picture Producers	317,675	157,702	49.64
Motion Picture Producers	109,487	56,888	51.96
Musical Instruments			
<i>Individual—Non-Professional</i>	439,875	106,898	24.30
<i>Individual—Professional</i>	374,793	223,141	59.54
<i>Orchestras, Bands, Etc.</i>	368,346	116,661	31.67
Stamp Collections—Private	163,330	89,623	54.87
Tourists Baggage	515,630	164,543	31.91
Wedding Presents	117,065	9,102	7.75
Personal Effects	1,984,791	1,040,015	52.40
Furriers Customers			
<i>Custody Rider</i>	4,236,517	934,185	22.05
<i>Legal Liab. Excl. Retail</i>	588,547	80,274	13.64
<i>Legal Liab. Excl. Wholesale</i>	61,765	15,549	25.17
Required Details Not Furnished	47,051	95	0.20
All Other Including Certification	1,353,896	271,060	20.02
Parcel Post			
<i>Coupon Form</i>	1,368,793	678,401	49.56
<i>Open Form</i>	5,792,588	3,154,180	54.45
Garment Contractors			
<i>Women's Wear—Cloaks, Suits and Dresses</i>	2,227,379	688,433	30.91
<i>Men's and Boys' Wear</i>	573,799	76,953	13.41
<i>Other Wearing Apparel</i>	1,281,571	256,229	19.99
Jewelers Stock			
<i>Loose Diamonds</i>	414,715	203,106	48.97
<i>Wholesalers, Manufacturers, Exporters and Jobbers</i>	1,542,944	393,373	25.49
<i>Retailers</i>	3,340,127	1,034,007	30.96
<i>Pawnbrokers</i>	56,642	8,394	14.82
<i>Horse and Wagon</i>	489,766	177,032	36.15
<i>Radium</i>	70,007	10,588	15.12
<i>Theatrical Floaters</i>	109,207	28,996	26.55
Bridges and Tunnels			
<i>Property Damage</i>	721,960	14,159	1.96
<i>Use and Occupancy</i>	158,400	—77,473	—48.90
Rolling Stock Railroad			
<i>Yard Switching Locomotives</i>	271,012	91,304	33.69
Passenger and Freight Locomotives Not Used With Steam-Engines	1,691,045	836,134	49.44
Passenger Locomotives Used With Steam-Engines	502,196	109,952	21.89
Passenger Equipment Excluding Power Units			
<i>Short Haul Locomotives</i>	633,205	178,031	28.12
<i>Tank Cars</i>	87,090	38,127	43.78
<i>Miscellaneous</i>	161,568	121,136	74.99
Required Details Not Furnished	138,953	108,633	78.20
Motor Truck Cargo	28,249	49,592	175.15
Transportation (Open & Annual Forms)	26,888,958	8,759,899	32.59
Transportation (All Others)	12,202,084	4,723,354	38.70
Registered Mail	4,172,824	1,436,845	34.43
First Class Mail	1,260,489	—113,538	—8.97
Bailees Customers	8,482	1,985	23.40
Processing Risks	8,683,590	2,925,673	33.69
Films and Negatives	3,113,876	1,069,287	34.34
Deferred Payment Merchandise	432,532	34,620	8.00
Floor Plan Policies	4,100,306	1,296,111	31.61
Wool Growers Floater	116,897	18,361	15.70
Neon Signs	41,271	9,169	22.22
Full Form Unclassified as to Territory			
<i>Florida and Puerto Rico</i>	398,887	204,047	51.16
<i>Louisiana, Mississippi & Texas</i>	28,541	27,815	97.46
<i>Alabama, Georgia, North Carolina, Co. Carolina & Virginia</i>	44,133	17,206	38.99
Balance of Continental United States and Hawaii	6,607	1,283	19.42
Total Full Cover	103,847	47,825	46.06
Deductible Form Unclassified as to Territory	582,017	298,177	51.23
<i>Florida and Puerto Rico</i>	506,957	237,358	46.83
<i>Louisiana, Mississippi & Texas</i>	21,878	9,233	42.21
<i>Alabama, Georgia, North Carolina, So. Carolina & Virginia</i>	29,051	9,783	33.66
Balance of Continental United States and Hawaii	8,887	2,122	23.89
Total Deductible Cover	161,418	65,856	40.80
Required Details Not Furnished	728,193	324,353	44.41
Cotton	17,176	5,441	31.69
Buyers Transit Form	1,461,190	695,740	47.61
Spark Form	2,996	—	0.00
Contractors Equipment Floaters	12,115,646	5,885,537	48.58
Pattern Floaters	745,497	455,450	61.10
Cold Storage Locker Policies (Operators)	948,703	130,724	13.78
Accounts Receivable Policies	230,376	1,488	0.64
Agricultural Implements			
<i>Floater</i>	2,107,179	653,389	30.98
<i>Bicycle Floater</i>	24,188	9,525	39.39
Boats Including Canoes and Sailboats & Outboard Motors	547,841	181,438	33.12
Boats and Motors Inboard			
<i>Private</i>	494,852	249,015	50.12
<i>Commercial</i>	10,737	6,562	61.19
Department Store Floaters	239,800	100,210	41.83
Golfers Equipment Floater	67,207	43,916	65.34
Gun Floaters	81,102	16,858	20.79
Installation Floater	2,252,964	783,343	34.76
Live Animals & Pelts Insurance			
<i>Other Than Livestock</i>	87,476	35,854	40.99
<i>Morticians Equipment Floaters</i>	17,631	5,767	32.71
<i>Morticians Liability</i>	15,423	1,270	8.24
<i>Paraphernalia Floater</i>	63,698	25,154	39.49
<i>Salesmens Samples</i>	907,400	469,608	51.76
<i>Scientific Instruments Floater</i>	126,848	41,382	32.63
<i>Silverware Floater</i>	171,730	15,645	9.11
Surgical and Dental Instrument Floater	150,571	45,687	30.36
Trailer Contents Auto Homes	22,224	2,755	12.39
Valuable Papers Insurance	149,180	1,947	1.30
Warehousens Legal Liability	231,057	31,398	13.59
Government Service Policies	127,835	40,089	31.36
Livestock	2,443,731	1,122,898	45.96
Leased Property	59,465	8,719	14.66
Coin Collections	24,210	9,019	37.25
Miscellaneous Floaters	25,959,199	10,985,539	42.30
Canada & Other Countries			
<i>Direct Basis</i>	9,120,796	4,073,754	44.66
TOTAL	246,074,002	99,628,959	40.49

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Globe and Rutgers Fire Insurance Company

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Several Wash. Rate, Rule Changes Made

Washington Surveying & Rating Bureau has filed a number of new rate and rule changes.

The 50% extra charge for writing debris removal coverage has been removed. Debris removal expense incurred after a fire may be insured under a new endorsement which must be written for specific amounts for each building and/or contents. Two or more buildings may not be blanketed. A separate debris policy is not permitted.

Legal liability fire rates and rules are also provided for the first time. The form covers the insured against liability imposed by law for loss to property owned by others in the care, custody or control of the insured.

Term Rule Applicable

Separate coverage must be written for legal liability fire. The 80% average clause rate applies and where no average rate is published the flat rate must be used. A blanket policy covering more than a single location takes the highest rate plus 75% for each building in excess of one. The minimum premium is \$100 per policy per year for all risks except dwellings which take a \$10 annual minimum. The term rule is applicable.

With respect to provisional forms, bulbs and potato warehouses have been added to the seasonal and semi-seasonal classifications and 30% and 50%, respectively, may be substituted for 75% in computing provisional premiums at the declared and new locations.

Full coverage also may be provided on non-seasonal unprotected dwellings by charging 12c per \$100 for use of the vacancy or non-occupancy permit for each 60 days' period or part thereof.

Plans Being Perfected for Montana Agents' Meeting

Plans are progressing for the Montana Assn. of Insurance Agents' annual convention at Billings, Sept. 10-12.

President O. Shaw Johnson of the National association will deliver the keynote address. There will be a panel discussion on fire insurance led by W. M. Sidebotham, Pacific Coast manager for National Union Fire.

The afternoon of Sept. 11 will be devoted to the business meeting. Preceding the annual banquet that evening, Montana Fire Underwriters Assn. will sponsor a cocktail party. Entertainment will be featured at the banquet and following there will be the convention ball.

A representative of the National Tax Equality Assn. will be featured at the Tuesday morning session, to be followed by a panel discussion on casualty lines.

Special entertainment is being arranged for the ladies. There will be a fashion show, afternoon tea and a special motion picture.

Kan. Bureau File Changes

New filings of Kansas Inspection Bureau include cattle theft and farm machinery theft endorsements for farm policies. Rates for either are 10c annual. The term rule is applicable. Lumber yards are given a flat 20% increase over present published fire rates if rated under the lumber yard schedule. E.C. rates are unchanged.

Other changes include a change in contingent business interruption and B.I. premium adjustment endorsement and filing of a new molten glass and a molten metal coverage, with a 10% increase over the normal fire rate.

Replacement cost insurance is now approved in Kansas to be written under a new form; 100% coinsurance is mandatory and buildings and their pertinent machinery eligible to be covered with the building item are eligible to the coverage other than one and two family dwellings, private boarding and rooming

houses, sisters and nurses homes with 5 rooms or less, and outbuildings in connection with any of the latter. The rate is 90% coinsurance rate. Some changes in the short rate and cancellation rules also were adopted.

Benton County Assn. Elects

Benton County (Ore.) Assn. of Insurance Agents has elected Scott Williams president, succeeding Earl Lawrence. Clarence White is vice-president, and Gordon Dodge, secretary-treasurer.

Wm. E. Wall Ill. Chief Examiner

William E. Wall has been appointed chief examiner of the Illinois insurance department and will enter upon his new duties Monday. He takes the place left vacant by the death of Joseph Watson. His main headquarters will be at the Chicago office of the department. He is resigning as general manager of

Modern Life & Accident of Chicago, the position he has held for more than three years. Prior to that for 10 years he was with the Illinois department as an examiner. He originated at Quincy, Ill., and for 15½ years was with Western Catholic Union of Quincy, being assistant supreme secretary at the time he went with the Illinois department.

The legislative committee of Ohio Assn. of Insurance Agents will meet at Dayton, Aug. 21.

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**SPRINKLER SUPERVISORY
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BURGLAR ALARM SERVICE
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ADT

Inland Marine 1949 Premiums Are \$246 Million

(CONTINUED FROM PAGE 4)

COMBINED RESULTS BY CLASSES 1946-1949 INCLUSIVE

CLASS	Written Premiums \$	Paid Losses \$	Ratio Losses Paid to Premiums Written %	CLASS	Written Premiums \$	Paid Losses \$	Ratio Losses Paid to Premiums Written %
Personal Property Floater				Films & Negatives	2,339,111	126,929	5.43
Blanket Portion Full Cover	60,864,595	42,999,483	70.65	Floor Plan Policies	295,714	74,826	25.30
Blanket Portion Deductible	67,651,483	26,192,875	38.72	Wool Growers Floater	85,811	22,729	26.49
Misc. Scheduled Property other than Jewelry, Furs and Fine Arts				Neon Signs			
Arts	905,919	357,302	39.44	Full Coverage	1,480,038	822,781	55.59
Required Details Not Furnished	253,550	106,382	41.63	Deductible	1,612,115	740,316	45.92
Personal Jewelry				Required Details Not Furnished	174,351	183,743	105.39
Full Cover	114,772,642	43,612,994	38.00	*Cotton			
\$50 Deductible	2,471,398	996,044	40.30	Buyers Transit Form	3,058,271	1,100,889	36.00
Required Details Not Furnished	1,883,116	856,839	45.50	Spark Form	18,068		
Personal Furs	50,989,413	14,844,213	29.11	Motor Truck Cargo	88,264,768	35,660,625	40.40
Fine Arts—Private Collections				Transportation (Open & Annual Forms)			
Fire Protected Areas	6,192,317	1,253,890	20.25	Transportation (All Others)	47,489,598	24,472,262	51.53
Unprotected Areas	548,551	200,110	36.48	Fine Arts, Dealers, Museum, Etc.	19,611,622	7,939,987	40.49
Required Details Not Furnished	82,710	20,716	25.05	Ballees Customers	2,889,678	1,301,197	45.03
Cameras and Sound Equipment				Processing Risks	31,574,009	14,966,498	47.40
Private Risks	5,368,910	1,881,706	35.05	Deferred Payment Merchandise	11,392,906	5,024,689	44.10
Picture Producers	1,180,026	501,724	42.52	*Contractors Equipment Floaters	11,074,565	3,821,151	34.50
Motion Picture Producers	454,222	289,688	63.78	*Pattern Floaters	23,307,786	10,656,598	45.72
Required Details Not Furnished	12,402	—322	—	*Cold Storage Locker Policies (Operators)	1,328,450	593,904	44.71
Musical Instruments				*Accounts Receivable Policies	1,704,974	289,707	16.99
Individual Non-Professional	1,616,126	372,835	23.07	*Agricultural Implements Floater	407,461	1,812	.44
Individual Professional	1,352,514	574,557	42.48	*Bicycles Floater	3,277,159	973,941	29.72
Orchestras, Bands and other Groups				*Boats Including Canoes and Sailboats and Outboard Motors	45,678	18,172	39.78
Required Details Not Furnished	1,090,503	308,248	28.27	*Boats and Motors Inboard Private			
Stamp Collections—Private	331	500	151.06	*Boats and Motors Inboard Commercial	967,554	526,020	54.37
Tourists Baggage	2,007,836	227,433	11.33	*Department Store Floaters	21,200	32,140	151.60
Wedding Presents	399,926	689,210	172.33	*Golfers Equipment Floater	391,793	206,439	52.69
Personal Effects	7,655,541	4,010,009	52.38	*Gun Floaters	118,888	81,672	68.70
Furriers Customers				*Installation Floater	120,088	28,425	23.67
Custody Rider	15,405,259	3,076,786	19.97	*Live Animals and Pelts Insurance—Other Than Livestock	3,995,007	1,211,890	30.34
Legal Liab. Ends't. Retail	2,756,181	446,691	16.21	*Morticians Equipment Floaters			
Legal Liab. Ends't. Wholesale	166,852	43,917	26.32	*Morticians Liability	36,303	7,325	20.18
All Other Including Certification	5,084,289	1,133,696	22.30	*Maraphernalia Floater	27,713	4,949	17.86
Required Details Not Furnished	52,971	965	1.82	*Salesmen's Samples	1,735,763	840,891	48.45
Parcel Post				*Scientific Instrument Floater	191,119	56,660	29.65
Coupon Form	4,669,082	2,063,348	44.19	*Silverware Floater	305,532	59,679	19.53
Open Form	15,058,043	8,267,450	54.90	*Surgical & Dental Instrument Floater			
Garment Contractors				*Trailer Contents—Auto Homes	269,107	81,619	30.33
Women's Wear—Cloaks, Suits & Dresses	9,078,236	2,414,343	26.59	*Valuable Papers Insurance	28,192	3,621	12.84
Men's & Boys' Wear	3,238,353	653,939	20.19	*Warehousemen Legal Liability	236,046	7,627	3.23
Other Wearing Apparel	6,198,097	1,516,372	24.47	*Government Service Policies	953,478	324,180	34.00
Required Details Not Furnished	137,899	13,521	9.81	*Livestock	251,316	104,822	41.71
Jewelers Block				*Leased Property	4,458,864	2,279,615	51.13
Loose Diamonds	2,005,738	543,659	27.11	*Coin Collection	70,598	18,065	25.59
Wholesalers, Manufacturers, Exporters & Jobbers	6,219,882	1,523,733	24.50	*First Class Mail	181,401	1,985	1.10
Retailers	12,368,680	4,272,181	34.58	Miscellaneous Floaters	124,614,362	56,366,763	45.23
Pawnbrokers	216,507	36,540	16.88	Canada & Other Countries Direct Basis	29,057,440	13,762,923	47.36
Horse & Wagon	1,605,384	517,636	32.21	TOTAL	854,829,521	357,340,824	41.80
Radium	293,307	59,936	20.42				
Theatrical Floaters	515,044	142,083	27.59				
Bridges & Tunnels							
Property Damage	3,167,121	534,334	16.87				
Use & Occupancy	569,496	11,890	2.09				
Rolling Stock Railroad	9,598,184	4,023,853	41.92				
Registered Mail	7,395,760	365,015	4.94				

1949 JEWELRY, FUR AND FINE ARTS PREMIUMS, LOSSES SHOWN

CLASS	Written Premiums \$	Paid Losses \$	Ratio Losses Paid to Premiums Written %	CLASS	Written Premiums \$	Paid Losses \$	Ratio Losses Paid to Premiums Written %
Personal Jewelry				Scheduled Under Fur Floaters			
Full cover				Unclassified as to Policy Amount	7,412,477	2,598,175	35.05
Scheduled Under Jewelry Floaters				10,000 and Under	1,391,242	443,255	31.86
Unclassified as to Policy Amount	11,226,521	4,978,783	44.35	10,001 to 50,000	106,539	32,375	30.39
5,000 and Under	5,273,862	2,215,690	42.01	50,001 to 100,000	3,856	42	1.09
5,001 to 10,000	865,200	411,297	47.54	100,001 and Over	196	502	256.12
10,001 to 50,000	940,720	618,072	65.70	Total	8,914,313	3,074,351	34.49
50,001 to 100,000	254,308	232,015	91.23	Scheduled Under Personal Property Floaters			
100,001 and Over	169,865	97,025	57.12	Unclassified as to Policy Amount	2,290,325	644,754	28.15
Total	18,730,478	8,552,884	45.66	10,000 and Under	506,523	154,683	30.54
Scheduled Under Personal Property Floaters				10,001 to 50,000	21,317	5,659	26.55
Unclassified as to Policy Amount	6,758,288	2,659,023	39.34	50,001 to 100,000	702		
5,000 and Under	2,579,966	813,827	31.54	100,001 and Over	143	133	93.00
5,001 to 10,000	726,811	216,652	29.81	Total	2,819,013	805,231	28.56
10,001 to 50,000	825,725	510,004	61.76	Required Details Not Furnished	472,194	210,507	44.59
50,001 to 100,000	120,496	75,523	62.68	Scheduled Under Fine Arts Policies			
100,001 and Over	64,968	60,826	93.62	Fire Protected Areas	1,238,263	267,593	21.61
\$50 Deductible Cover	11,076,258	4,335,855	39.14	Unprotected Areas	90,785	37,935	41.79
Scheduled Under Jewelry Floaters				Total	1,329,049	305,529	22.99
Unclassified as to Policy Amount	315,960	360,064	113.96	Scheduled Under Personal Property Floaters			
5,000 and Under	222,590	88,008	39.54	Fire Protected Areas	491,188	97,960	19.94
Required Details Not Furnished	1,882,155	856,839	45.52	Unprotected Areas	46,719	5,393	11.54
Personal Furs				Total	537,907	103,353	19.21
Minimum Premium Policies	1,716,217	422,195	24.60	Required Details Not Furnished	16		

(CONTINUED ON PAGE 16)

Underwriters Association of Norwich, Conn., heard William F. Brennan, Stephen P. Hoffman, and Robert W. Moran

present a comprehensive report on the matter of automobile financing with local banks. A further report at a special meeting to be called soon. The association endorsed a program of driver education.



PEDIGREE COUNTS — THE COCKER SPANIEL — ranks first in U. S. popularity. Efficient gun dog and retriever. Hardy, lovable and reliable, a grand home dog.

The Northern Assurance was organized in 1836 as an Agency Company. It has remained so All-Ways.



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For 85 years these
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RELIABLE
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Westminster Life Mail Fraud Charge Is Dismissed

Federal Judge LaBuy at Chicago Wednesday dismissed the mail fraud indictment against the former Westminster Life and A. L. Koolish, G. W. Ehrlich and Philip A. Koolish, former executives of the company, and John A. MacArthur, former president of Bankers Life & Casualty, which took over Westminster in 1946.

Judge LaBuy held that the indictment was "duplicious" in that it included in a single charge two alleged schemes to defraud, one being during the time that the first three defendants were operating Westminster and the other after Mr. MacArthur had come into control of Westminster in February, 1946. Upholding the defense's motion to dismiss, Judge LaBuy said he was of the opinion that there was "a fatal misjoinder of parties and offenses."

The statute of limitations has run out for the alleged offenses. Assistant U. S. Attorney Lawrence Miller, who had charge of the case for the government, said on Wednesday he had not yet decided what his next move, if any, would be.

Great American Mid-Year Figures

Great American has released its mid-year figures showing assets of \$103,798,313 and on a market value basis \$104,233,750. The assets at Dec. 31 were \$100,113,270. Premium reserve at the mid-year was \$44,001,219 as against \$41,023,220 at Dec. 31. Capital is \$10 million and net surplus \$37,133,471 as against \$35,948,608 at the year end.

Assets of American Alliance were \$18,436,502 as against \$17,764,326. Premium reserve was \$7,401,270 as compared with \$6,876,271, capital is \$3 million and net surplus \$6,294,126 which compares with \$6,064,357.

American National Fire at mid-year had assets of \$5,288,955, premium reserve \$1,823,807, capital \$1 million and net surplus \$2,065,577.

For Detroit F. & M. assets were \$7,574,760, premium reserve \$3,040,345, capital \$1 million and net surplus \$2,980,205.

Massachusetts F. & M. had assets \$6,368,489, premium reserve \$3,040,345, capital \$1 million and net surplus \$1,986,349.

Rochester American's assets were \$8,561,726, capital \$1½ million and net surplus \$3,405,701.

FTC Gets Complaints on General Motors; Left to Department of Justice

WASHINGTON — Federal trade commission sources confirm reports of receipt of complaint or complaints against insurance practices of General Motors and its subsidiaries. A Providence insurer and Rhode Island Assn. of Insurance Agents have complained to FTC, according to report.

However, because the Department of Justice has GMC and subsidiaries under investigation, Joseph E. Sheehy, chief of FTC anti-monopoly bureau, has written the complainants that FTC decided, after preliminary investigation, to hold up the matter pending Department of Justice action.

Mr. Sheehy declined to state to whom his letter or letters were addressed, but from other sources it is learned one letter was sent to the Rhode Island association.

Ohio Assn. of Insurance Agents and other agents' groups have protested repeatedly against GMC insurance activities, especially as to licensing of auto dealers as insurance agents, and the

matter is now in litigation in Ohio.

LOSS AMOUNT DOWN

Incurred losses for July in New York board territory numbered 359 for \$700,485, a 17.7% increase in number and 14.3% decrease in amount from July, 1949. For the seven months losses numbered 2,987 for \$9,125,760, up 27.3% in number and down 24.7% in amount.

A new agency has been formed at Hartford by two brothers, Edward E. and Stanley F. Peer. The agency will represent Aetna Casualty.

Advises R. I. Policyholders to Cancel Policies Short Rate

Commissioner Cheek of North Carolina has urged policyholders of the Rhode Island to request their agents to cancel their policies on a short-rate basis.

Pointing out that the company has \$125,000 deposited with the department, the commissioner advised policyholders to file their claims with the department if they fail to receive the amount due them from their agents. Agents who make refunds, he said, should take a

written assignment from the policyholder of his right to the premium refund in order properly to present his claim for reimbursement.

The department required the Rhode Island to deposit bonds for the protection of North Carolina policyholders as a condition to licensing it on April 1, 1949.

The Raymond N. Poston adjustment firm of Miami has closed its West Palm Beach office due to the fact that the adjuster in charge is returning to duty with the army.



We are the marine department of the following companies. Our complete underwriting, service, and claim facilities for inland, ocean marine, yacht, and air cargo lines are available to licensed agents of these companies.

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Seaboard Fire & Marine Insurance Company
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Chicago 4, Illinois
Union Commerce Building
Cleveland 14, Ohio
Patterson Building
Denver 2, Colorado
National Bank Building
Detroit 26, Michigan

NEW YORK 7, NEW YORK

251 Trumbull Street
Hartford 3, Connecticut
East Market Building
Indianapolis 4, Indiana
916 Walnut Street Building
Kansas City 6, Missouri
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Pittsburgh 22, Pennsylvania
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San Francisco 4, California
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Regional General Agency
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George S. Kausler, Limited
Regional General Agency
New Orleans

Coast Guard Reports on Cause of Amboy Blast

Actual cause of the munitions explosion at South Amboy, N. J., May 19, which is costing the insurers approximately \$6 million, mostly under extended coverage, was not determined by a coast guard board of investigation. However, the board stated that the most probable cause was the accidental detonation of a case of anti-tank mines. No evidence of sabotage was found but the possibility of sabotage

was not excluded. The blast killed 31 and injured 202.

Kilgore Manufacturing Co., Westervelt, O., which made the anti-tank mines; James Healing Co. of Jersey City, lighterage concern, and the Judson-Sheldon division of National Carloading Corp., New York, were all criticized in the report.

Improper Packaging

The Kilgore firm may have contributed to the disaster by the erroneous assumption that the anti-tank mines were manufactured and assembled ac-

cording to current army specifications and that assembling and packaging of the mines complied with the regulations of the interstate commerce commission, which does not appear to have been the case, the report states. It adds the Healing Co. failed to remove from the loading pier two lighters loaded with dynamite and munitions after having been twice ordered to do so by a coast guard inspector. The carloading firm was criticized for adding two carloads of dynamite to the shipment of mines, through a misunderstanding.

Testimony at the hearing brought out that the type of land mine involved in the explosion was discontinued by the army in 1942 as unsafe. The mines were headed for Pakistan, the dynamite for Afghanistan and the carloading firm got the order mixed up.

This is one of a series of advertisements appearing regularly in leading newspapers throughout the country.

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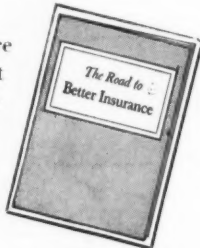
If you are a property owner with insurance problems, you can expect important and beneficial changes in the future . . . fewer gaps in coverage . . . simpler policies . . . more comprehensive insurance . . . lower over-all cost.

Wishful thinking? Not at all. These improvements are very real possibilities today because of the growth of something called multiple-line insurance.

Until recently most states restricted insurance companies in the number of different kinds of insurance each could write. Thus a fire company could not write casualty insurance, and vice versa.

The combined efforts of insurance companies, property owners and insurance commissioners to create a better insurance "product" have led many states to lift the most severe restrictions by granting multiple-line powers. These powers permit a single insurance company to write all kinds of insurance except life and annuity. Radical changes under the new laws won't come overnight, but eventually multiple-line insurance is certain to bring property owners many distinct advantages.

If you are interested in learning more about multiple-line insurance—what it is and how it will benefit you—send for a copy of our booklet, "The Road to Better Insurance". It will be mailed without cost. Simply ask for Booklet D.



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ATLANTIC MUTUAL INSURANCE COMPANY
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Menchine San Francisco Manager of F. & G.

Conrad J. Menchine has been appointed manager at San Francisco for Fidelity & Guaranty to succeed C. J. Hershe who has resigned to enter the local agency business.

Mr. Menchine started with F. & G. in 1931 at the home office. In 1939 he was named assistant to the company engineer and personnel officer and later moved to Philadelphia as office manager.

After service in the army, he was manager of the service department at the home office, and most recently has been special agent in Maryland, D. C., and West Virginia.

Pioneer Equitable Trust Fund Is Fought Over

Attorney H. Abrams has brought actions in the federal court and Marion county superior court at Indianapolis seeking to invalidate the trust fund of \$800,000 that was set up at the instance of Commissioner Viehmann for the benefit of policyholders of Pioneer Equitable of Lebanon, Ind. Mr. Viehmann charges that these actions are inspired by Stewart Hopps, who was the main figure in Pioneer Equitable and Rhode Island Ins Co., now in receivership. The suits ask that the fund be designated as for the protection of creditors rather than specifying policyholders.

Mr. Viehmann stated that Rhode Island undertook in March, 1949, to collect \$2,100,000 from Pioneer Equitable. Mr. Viehmann said he refused to permit this to be done except upon agreement of Rhode Island to reinsure all the insurance liability of Pioneer Equitable and to set up an \$800,000 fund to protect policyholders.

Mr. Viehmann said two agency concerns that were organized by Mr. Hopps had assigned their claims against Pioneer Equitable to Abrams.

Famous Jewels on Tour

The jewel collection which has been on tour for some time for the benefit of the National Foundation for Infantile Paralysis and which was provided by Harry Winston, New York jeweler, was insured for the particular trip under a floater form as part of the Winston's firm very large jewelers block coverage. This is carried in London Lloyds.

The jewels, which included the Hope diamond, the Jonker diamond No. 1, the Indian pear shapes, sapphires and the Austrian Diadem, were exhibited in museums, art galleries, banks and other place in its tour. At some points an admission was charged, and at others there was no admission but contributions were accepted for the foundation.

Two of Winston's own employees accompanied the collection. The presence of the two men and other precautions were taken to protect the jewels.

Casualty Insurance Adjusters Assn. of Los Angeles heard Kenneth Williams, deputy city attorney, discuss "Prosecution of Traffic Accidents."

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Lester Jones Is New President of Town Mutual of Ia.

DES MOINES — Lester T. Jones, formerly vice-president, has been elected president of Town Mutual Dwelling to succeed B. Rees Jones, who died recently, and who was an uncle of the new president.

Lester Jones has been with the company 26 years, working in various departments. In 1931 he was named assistant secretary and in 1934 vice-president. He has been especially active in the agency department. He was president of Iowa Assn. of Mutual Insurance Companies last year and now is a director of National Assn. of Mutual Insurance Companies.

C. L. Henschel was named to the board. He has been with the company 20 years and has been assistant secretary since 1942.

Start Rehearing on Wis. Rate Case

Rehearing got under way here Tuesday on the order of Commissioner Lange drastically reducing the fire insurance rates. The companies were shocked at this order and have availed themselves of the statutory rights of appeal. The current hearings may run for 10 days to two weeks at Madison.

One section of Mr. Lange's order that particularly got the fur up of the insurance companies reads:

"That a reasonable underwriting profit would be 2 1/2%. As shown in Table XXXVI of Exhibit 17, the actual profit made in the period 1944-1948 was much less than 2 1/2% and it was a period when rates throughout the U. S. were not generally subject to regulation by statute but were made by company rating bureaus. While the National Assn. of Insurance Commissioners has received a report from a committee of said association and which report was accepted by the convention which recommended an allowance of 6% for conflagration and profit, this recommendation is not binding on the commissioner of insurance of any individual state. It is my considered judgment, based upon a review of underwriting results during the past years as well as giving consideration to the lower earned loss ratios that will obtain during the coming years, that a combined profit and conflagration reserve charge of 3 1/2% plus all of the investment earnings will be adequate. In fact, such allowance will be greater than the actual results in the past."

Jack Baldwin Becomes Resolute Vice-president

Jack E. Baldwin of Providence has been elected vice-president of Resolute. He entered the business in 1937 with Yorkshire's casualty department, serving both in field and home office.

After service in the South Pacific in the last war he joined National Assn. of Insurance Agents at New York as secretary of the technical committees acting as liaison with the various rating organizations.

In 1949 he joined Providence Washington as indemnity field superintendent, responsible for development and expansion of the casualty field and agency forces.

Zone 4 to Meet Sept. 28

Zone 4 of National Assn. of Insurance Commissioners will meet at Indianapolis Sept. 28.

Get Alaska Project Bonds

LOS ANGELES — Morrison-Knudsen Co., Boise, Ida., and Peter Kiewit Sons Co., Omaha, Neb., as joint ven-

turers, were low bidders for construction of outside facilities at Ft. Richardson, Alaska, with a price of \$2,392,000. Fidelity & Deposit for Morrison-Knudsen and Aetna Casualty for Kiewit, are on the bid bonds and will execute the payment and performance bonds if and when the low bidders are awarded the contract.

Henry M. Mereness, resident manager of Allstate's Newark regional office has been appointed to the newly created position of assistant vice-president and

eastern zone manager.

Arthur Oakes, who has managed the underwriting department of the Chicago regional office has been appointed manager at Newark.

Title Is Questioned

It is understood that some official question has been raised as to the title of the company that is being organized at Cincinnati known as Cincinnati Ins. Co. It is understood that the similarity in name to Cincinnati Insurance Agency is the question that has been raised.

Cal. Premium Tax Up 1%

California state board of equalization has fixed the tax assessments on premiums of insurance companies doing business in the state last year at the new high of \$23,089,156, an increase over the previous year of 1%.

Arnold V. Cain has been elected president of Evansville Assn. of Insurance Agents.

London & Lancashire is planning to build a new Canadian head office on Adelaide street at Toronto.

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Insurance Stocks Come to Life

Fire and casualty insurance stocks came to life Tuesday after having continued to scrape bottom after the stock market break due to the Korean eruption. Until then there had been no recovery in these equities despite the fact that many industrial and rail stocks had bounced back with a vengeance, some reaching new highs, and that such recovery in stocks held in insurance company portfolios had brought the sur-

plus position of insurers back close to where it was before the stock market relapse. Many fire and casualty stocks had dropped to the point where the yield was better than 5%. The public apparently had dropped its somewhat newfound interest in insurance equities. The new buying that produced increases in quotations across the board Tuesday is attributed largely to purchases on the part of insurance company people and agents, who felt that the insurance equities at that point represented real bargains, war or no war and regardless of the tax situation.

The news that Accident & Casualty

is seeking to buy American Casualty and is offering a price that is about 30% above the capital-surplus value of the company, gave a fillip to the insurance shares market.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago

Aug. 14, 1950		
Aetna Casualty	3.00	89 92
Aetna Fire	2.20*	53 55
Aetna Life	2.50	51 52 1/2
American Alliance	1.20	23 1/2
American Auto	2.00	45 1/2 48
American Casualty	.80	20 1/2 22
American (N. J.)	.90	19 20
American Surety	3.00	55 1/2 57 1/2
Boston	2.40	56 58
Camden Fire	1.15*	21 22 1/2
Continental Casualty	2.50*	53 1/2 55
Fire Association	2.60	57 59
Fireman's Fund	2.60	83 85
Firemen's (N. J.)	.60	19 1/2 20 1/2
Glens Falls	2.20*	48 1/2 50
Globe & Republic	2.20	11 1/2 12 1/2
Great American Fire	1.30*	28 1/2 30
Hanover Fire	1.60	32 1/2 34
Hartford Fire	3.00*	120 123
Home (N. Y.)	1.60	34 1/2 35 1/2
Ins. Co. of North Am.	3.50*	106 108
Maryland Casualty	.80	17 18
Mass. Bonding	1.60	27 1/2 29 1/2
National Casualty	1.50*	31 32
National Fire	2.50*	56 57 1/2
National Union	1.60	33 34 1/2
New Hampshire	2.20	41 1/2 43 1/2
New Amsterdam Cas.	1.50	35 37
North River	1.20	24 1/2 25 1/2
Ohio Casualty	1.20	59 Bid
Phoenix, Conn.	3.00*	76 78
Preferred Accident	.30	3 3 1/2
Prov. Wash.	1.40	31 32 1/2
St. Paul F. & M.	3.00*	99 102
Security, Conn.	1.60	31 1/2 33
Springfield F. & M.	2.00	44 46
Standard Accident	1.60	33 35
Travelers	1.20	42 1/2 43 1/2
U. S. F. & G.	2.00	46 47 1/2
U. S. Fire	2.00	64 66

* Includes extras

Call Hearing on U. of Chicago Deductible

J. E. Day, the new assistant insurance director of Illinois, and reportedly insurance director-to-be after Sept. 1, will officiate at a hearing of the Illinois department Aug. 22 on the fire insurance deductible contract recently effected for University of Chicago on its fireproof campus buildings. The interested insurers and the brokers have been summoned to appear to justify the contention that this cover falls in the category of reinsurance and is not subject to the Illinois rate regulatory act. It is understood the line is shared by nine insurers, with North America having the principal interest. The insurance is for \$5 million over \$100,000 and the premium reportedly is \$30,000. This risk heretofore has been self insured and the brokers and underwriters insist that the new cover comprises reinsurance of a self insurance fund rather than a line of direct insurance, subject to rate filing and all the other requirements.

Corbett to St. Paul

Joseph Corbett, southern California manager at Los Angeles for St. Paul F. & M., has been transferred to the home office as assistant to the marine secretary.

He is succeeded at Los Angeles by James E. Miller, who has been western manager of the casualty department following field service in Colorado. Prior to that he was with the company in Louisiana.

F. W. Maasen, retired secretary of London Assurance, has joined the New York City agency of Fuller & Kern

An all insurance industry committee designed to handle the problems of disabled war veterans seeking to enter insurance and others who formerly were identified with the business has been set up at St. Louis.

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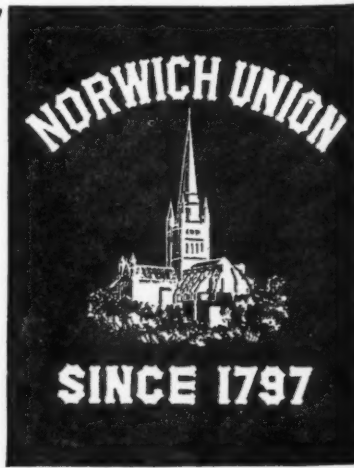
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FIELD

Central Manufacturers Names Three in Field

Central Manufacturers Mutual has named W. C. Hulwick as manager of the mountain states department. Herbert D. Kephart has been transferred to the western Ohio and West Virginia field and John A. Weichel has been assigned to Alabama and Mississippi as special agent.

Mr. Hulwick is a graduate of Northwestern University. He started with Central Manufacturers in the claim department and after service in the navy was assigned to western Ohio and West Virginia as special agent.

Mr. Kephart has been in Virginia and North Carolina. He started in 1941 with Central Manufacturers after graduating from Alabama Polytechnic Institute. He is a veteran of the army.

Mr. Weichel started with Central after graduating from Miami University of Ohio.

Hershe New M.L.G. of Heart of America Pond

W. B. Hershe, St. Paul, has been advanced to M.L.G. of Heart of America Blue Goose at Kansas City. Other officers are: Supervisor, T. B. McCaffrey, Home; custodian, H. E. Johnson, Jr., Aetna; guardian, George M. Lynch, Western Adjustment; keeper, Kenneth Hinget, American; and welder, Charles Miller, North British. Mr. Hershe succeeds Willard M. Brown, Missouri Audit Bureau. Six goslings were initiated and three new members received by flight.

Indiana Ins. Co. Field Service Is Concentrated

Max Brunn and M. G. Downey have been added to the Indiana field staff of Indiana Ins. Co. Mr. Brunn has been with the J. M. Wilson Corp. of Kalamazoo, most recently as Detroit manager. He will travel southeastern Indiana.

Mr. Downey was formerly special agent for Niagara Fire and he will travel midwestern Indiana. Indiana Ins. Co. is thus providing more concentrated field service.

Globe & Rutgers Appoints Sparks Ohio State Agent

Globe & Rutgers Fire has transferred W. R. Sparks, formerly Ohio state agent, to Indiana as state agent, succeeding G. Schmutte, Jr., resigned.

Mr. Sparks, a graduate of the Wharton school of finance, was with the Middle Department Rating Bureau before joining Globe & Rutgers. He will continue to maintain headquarters at Indianapolis.

Clapp, Eliot Are Shifted

Central Manufacturers Mutual has transferred Henry J. Clapp, special agent, from Boston to northern New England with headquarters at Portland. He will travel Maine, New Hampshire, and Vermont.

Mr. Clapp was special agent for Employers Fire in Maine and had been in the New England field for 22 years before joining Central Manufacturers in 1947.

John Eliot, who has traveled all of New England outside of Boston will now concentrate on the three southern New England states.

P. W. Adds to Coast Staff

Willard H. Kleiter has joined Providence Washington as special agent in southern California. He was in the maritime service during the war and then was with Republic of Dallas as special agent at Los Angeles. Later he

was in the local agency business and then was with Founders Fire & Marine.

Robert F. O'Neal has gone with P.W. as engineer at Portland, Ore. He attended Oregon State College and was with Oregon Insurance Rating Bureau and most recently has been with Fidelity & Guaranty in the Oregon field.

To Inspect Hillsboro, O.

A town inspection will be held at Hillsboro, O., Sept. 26. Harry H. Wolff, Western Actuarial Bureau, formerly a captain for 21 years in the Chi-

cago fire department, will be the speaker. Thirty field men are expected to take part. E. W. Cunningham, Continental, is chairman, assisted by Verne Hart, Aetna, and Franklin Rice, Springfield F. & M.

Schedule Ill. Inspections

Illinois Fire Prevention Assn. will conduct a town inspection of Farmer City Sept. 19. This will be the first inspection of the 1950-1951 fiscal year.

A. R. Goodall, National Union, will be the speaker. Arrangements are in charge of Henry A. Gerke, Great Amer-

ican, and Herbert E. Endicott, Northern of London, is in general charge.

The association will inspect Belleville Oct. 10-11, and Flora is scheduled for inspection during November.

Fete Woodsmall, Ramseyer

Honored at a farewell party in Kansas City were W. O. Woodsmall, state agent Fire Association, and Otto A. Ramseyer, special agent North America, who have retired with a combined total of more than 80 years in the business. Mr. Woodsmall started in 1907 and Mr.

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WANTED

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PAYROLL AUDITOR

desires permanent A1 connection. Qualifications and experience above average. All replies acknowledged. Address B-31, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

State agent for Georgia. Excellent opportunity with old line fire company well established. All replies strictly confidential. State experience and qualifications. Address B-32, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

FOR MISSOURI AND VICINITY

Group of stock companies can use fire prevention and insurance service man acquainted with sprinklered and unsprinklered special hazard risks. State fully qualifications and approximate salary desired. Address B-33, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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Ramseyer in 1916. George Whitford, secretary Fire Association, and William Mitchell, assistant manager North America service office, St. Louis, represented their companies.

Plan First Fall Meet

Ohio Fire Underwriters Assn. will hold its first fall meeting Sept. 19 at the Netherland Plaza hotel, Cincinnati. Members later will join the Blue Goose in an outing at Summit Hills Country Club.

Archer, Myers Are Named

John F. Archer and Ernest H. Myers have joined New York Underwriters as field men with headquarters at Los Angeles.

L. E. Mendel who has been traveling in that territory, has resigned to enter the local agency field at Ventura. Mr. Archer was for several years with Pacific Rating Bureau.

Plock, McMillan Upped

Carl L. Plock, state agent for Royal-Liverpool at Poughkeepsie, N. Y., has been transferred to Hartford, succeeding Thomas A. Kelleher, recently appointed assistant educational director. Robert McMillan succeeds Mr. Plock at Poughkeepsie.

Mr. Plock joined the Royal-Liverpool in 1934, serving western underwriting and brokerage department. In 1946 he was named special agent at Poughkeepsie, and a year later state agent.

Mr. McMillan, who has been with the company since 1946, spent two years at New York. In 1948 he was made a special agent at Harrisburg, Pa. He is an army veteran.

Cooper, Dundas Made S.A.'s

John T. Cooper has been named special agent at Los Angeles by Home. He will work under Sim Wherry, resident secretary. Douglas D. Dundas, has been appointed special agent at Great Falls, Mont., serving under Robert S. Aitken, state agent.

McClelland to Arizona

E. F. McClelland, special agent at Los Angeles for Loyalty Group, has been appointed district manager for Arizona with headquarters at Phoenix. He succeeds C. R. Taylor, resigned. Mr. McClelland has been in the field for Loyalty Group in California for 12 years.

Ryan Enters Agency Field

Thomas Ryan, Missouri special agent for New Hampshire Fire, has resigned to become manager of the Houston, Mo., Insurance Agency. Mr. Ryan, who had been with the company for 24 years, purchased a half interest in the agency.

Austin Puddle Luncheon

The Austin puddle of the Alamo Blue Goose held its regular luncheon meeting at which the matter of programs for future meetings was discussed. It was suggested that educational films now available be presented.

Loyalty Group has appointed Robert E. Conner as special agent at Seattle.

Hoffman to Penn-Liberty

Theodore F. Hoffman has been elected a vice-president and director of the Penn-Liberty in charge of the inland marine department. He has long been with R. S. Hoffman & Co. of Boston and has been in insurance industry all of his business life.

Meet at Potsdam Sept. 13

Mutual Agents Assn. of the State of New York will hold the first in its series of regional meetings at Potsdam Sept. 13.

COMPANIES**Fire Association June 30 Picture**

Fire Association has published a consolidated financial statement as of June 30, showing assets of \$58,270,245, premium reserve of \$26,915,298, capital \$3,400,000 and net surplus \$18,735,173. At Jan. 1, surplus was \$18,256,214.

For the first six months net premiums written were \$14,021,434, premiums earned \$13,263,195, losses incurred \$6,012,759, loss adjustment expenses \$577,129, underwriting expenses \$5,976,261 and underwriting profit, \$697,044.

Assets of Reliance were \$11,824,915, premium reserve \$5,386,577, capital \$2 million and net surplus \$3,051,344, which compares with \$2,990,931 at Jan. 1. Net premiums written were \$2,806,454, premiums earned \$2,649,337, losses incurred \$1,195,018, loss adjustment expenses \$115,275, commissions, expenses and taxes, \$1,196,138 and underwriting profit \$142,905.

Western Pacific Ins. Co. Being Formed at Seattle

A new stock company known as Western Pacific is being organized by a group of Seattle business and professional men, headed by D. C. Burnam, former vice-president of United Pacific.

It is proposed that the company will have \$350,000 capital and \$350,000 surplus, less expense of selling the stock. There will be 35,000 shares of common stock, \$10 par value which will be sold at \$20 per share.

The company will write property and general casualty lines and will operate through agents and brokers.

In addition to Mr. Burnam, incorpor-

rators are Shirley B. Williams, attorney; Ivan Hyland, attorney; Dr. A. J. Bowles, physician and surgeon; George LaFray, manager, King County Medical Service Bureau; and R. C. Torrence, printing company executive.

Erecting New Home Office

British American Assurance and Western Assurance are erecting a new head office on the site of their old building in downtown Toronto. The new building will be completed by the end of next year to tie in with the 100th anniversary of Western Assurance. There will be 55,000 square feet of floor space.

Plans New H. O. Building

Pennsylvania Lumberman's Mutual has purchased the southwest corner of 23rd and Green streets, Philadelphia, where it will construct a five-story home office costing approximately \$1 million, licensed.

Stanley Bolschwitz, who is machine tabulating supervisor for Crop-Hail Actuarial Assn. in Chicago, is reporting this week for active duty with the army air force.

Atlantic Mutual Fire has applied for authority to do business in Virginia.

CHICAGO**INSTRUCTORS' TOUR**

Western Underwriters Assn. this week is sponsoring a tour of insurance offices and facilities at Chicago for a group of four college insurance instructors, they being W. T. Beadles of Illinois Wesleyan; C. H. Fischer, University of Michigan; H. C. Krogh of Drake University and J. D. Long of Indiana University.

The group assembled Monday morning at the W.U.A. office and in the af-

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Afternoon the visitors were guests individually of the western departments of Aetna Fire, America Fire, Great American and Hartford Fire and those visits continued throughout Tuesday. Wednesday the entire group visited Continental Casualty's head office and then on Thursday morning Underwriters Salvage Co. will be host to the visitors and Western Adjustment in the afternoon. On Friday morning Cook County Inspection Bureau is on the list and in the afternoon Underwriters Laboratories.

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The W.U.A. staff escorting the visitors includes E. H. Born, manager; K. S. Ogilvie, W. G. Dithmer and C. H. Metzner, assistant managers.

Mid-way dinner

All-American Casualty of Chicago, which is in process of organization, is giving what is called "The All-American Dinner" at the Blackstone hotel, Chicago, Friday. The speakers are listed as John L. McCaffrey, president of International Harvester Co.; Joseph R. Frey, president Lake Shore Trust & Savings Bank; Ray Matson, vice-president First National Bank of Chicago and Howard Mankin, vice-president of Excess Underwriters, Inc., and M. A. Kern, president of All-American Casualty.

Mr. Kern, who has headquarters at 30 East Adams street, is directing the sale of the \$1 par value stock at \$2 per share. The aim is to sell one million shares, and it is understood that so far more than 500,000 shares have been sold.

Buckeye Gavel

In ceremonial style J. W. Burlingame, assistant manager of Western Adjustment, presented a gavel of buckeye wood trimmed in scarlet and gray to Phil Beebe, assistant manager of Hartford Fire, in his capacity as president of Buckeye Club of Chicago, at a luncheon today. Mr. Burlingame is the immediate past president of Buckeye Club. The luncheon group included the past presidents of the club and the present officers. The organization consists of Chicago insurance men who can boast of an Ohio past. The next annual meeting will probably be Jan. 30, 1951.

North America Is Ark. Winner

(CONTINUED FROM PAGE 1)

endorsement is made available to any and all prospective purchasers whose risk would be acceptable and qualifies for prepaid term insurance under the term rule. He held that the endorsement was an enforceable obligation and that it was not necessary, therefore, for the policyholder to give the insurer a negotiable instrument for the payment of the premiums and installments. Mr. Graves also affirmed the rule of his predecessor in office, Jack G. McKenzie, that full unearned premium reserves need not be set up.

Inhibition Is Claimed

The commissioner also held that the department had little or no authority to regulate or prohibit installment payments, for had the legislature so intended it would have so stated in clear and unambiguous language when it conferred authority to regulate the premium rates for fire, marine, and inland marine and to establish and operate rating organizations over which the department has supervision. "The silence of the legislature . . . inhibits the commissioner from thus regulating or prohibiting said installment payment of premiums."

"The commissioner finds," the opinion continued, "that the installment premium plan enables the fire assurance industry to serve its policyholders in the same way that many other businesses have been doing for years. The installment premium plan reduced the occasion for resorting to outside agencies to perform functions which the fire

insurance industry itself is capable of doing. Indeed, it is the commissioner's findings that the insuring public is better served by the installment premium plans, which plan is less complex and less expensive than facilities offered by other agencies. In the absence of statutory authority, the commissioner, as a practical matter, is of the opinion that he has no authority to adopt any policy which tends to deprive insurers of the right to finance directly the payment of premiums on policies which they write. Any other position by the commissioner would, as reflected by the record, lead to the use of other agencies, which would accomplish the same result, by indirection, as does the installment premium plan, and, in the process, would increase the cost to the policyholder."

While the opinion holds that the installment premium plan is not a deviation under the fire rating law, Commissioner Graves, however, acknowledges that, in the final analysis, this is a legal question which could be made the subject of a court test. "Then, in that event, it is the commissioner's finding that said rates as set forth in the endorsement are not excessive, inadequate or unfairly discriminatory."

Speakers for Minnesota Annual Meeting Announced

Speakers for the annual meeting of Minnesota Assn. of Insurance Agents at Minneapolis Aug. 24-25 include Eugene F. Gallagher of Planet, E. H. Luecke, superintendent casualty production of Fidelity & Casualty, on "Insurance Salesmanship—and, You, the Salesman." Commissioner Harris will install the officers at the banquet Aug. 24 and Mayor James D. Harrington of Collins, Miss., professional entertainer, will be the speaker. Lloyd R. Lee of Springfield F. & M. at Chicago and Howard A. Blocker of Hartford Steam Boiler at Minneapolis will address the session the morning of Aug. 25.

Complete Program Set for Washington Assn. Annual

The complete program of the annual convention of the Washington Assn. of Insurance Agents at Spokane, Sept. 13-15 has been perfected. The registration and a meeting of the executive committee will be Sept. 13 and the sessions will get under way the next morning with an address of welcome by

Mayor Meehan of Spokane. O. Shaw Johnson, Clarksdale, Miss., president of the national association, will give the first address. Other speakers of the morning session are Robert L. Smith, director of the licensing department, and Francis W. Potter, field supervisor of Aetna Casualty, on "Sales Fundamentals."

The afternoon will be given over to a business session and committee reports and next morning talks will be given by Edward F. Harris, secretary of the Spokane Taxpayers League; Lee Jacoby, of the public relations firm of MacWilkins, Cole and Weber, on "The Campaign Against Referendum 28," and an agency management panel conducted by Thomas A. Harman of Seattle.

In the afternoon there will be a golf tournament and a trip to Mt. Small, Spokane.

Diem, French, Colridge Speak

Speakers at the convention of Utah Assn. of Insurance Agents Sept. 22-23 will include Harold E. Diem, assistant Pacific Coast manager for Hartford Fire; Frank H. French, Pacific Coast manager of Factory Association, and Frank C. Colridge, general manager of Pacific Board.



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EDITORIAL COMMENT

Discrimination and Underwriting

The discrimination advertised as the subject of the New York joint legislative hearing was not shown. Racial discrimination is a serious charge and one to which both legislators and insurance companies are sensitive. Admittedly it is a hard charge to prove, but those who appeared at the hearings as complainants did not even come close.

The committee, complainants and those complained against are entitled to a vote of commendation for the sober, fair tone of the hearing. There were voiced some misconceptions, such as Mr. Andrews' statement the reason given for declining business, congestion of the area, was only nine months or so old. It is as old as the fire insurance business. The "cure" for meager market facilities in Harlem and East Harlem suggested by Senator Santangelo, a flat state-wide automobile B.I. and P.D. rate, is in the minds of all serious students of the business no cure at all. And Mr. Santangelo's proposal that companies not charge accidents to the area of residence but against the locus of accident could hardly help Harlem or other congested areas. However, these offerings and even the complaints and criticisms of Harlem brokers, colored or white, were not intemperate.

It became clear as the hearing progressed, that no insured figuring in the complaints eventually was unable to get insurance from some source, except in the case of one or two household furniture policies, and here the evidence was not conclusive that the coverage failed to get written at a later date. It became apparent also as the hearing went on that most complaints had their origin in the time about three years ago when everyone, including agents all over the country, was having trouble in placing fire and automobile business.

The nature of the charges fully justify the committee in insisting upon the facts. As citizens and as politicians members of the committee do not want to be accused now or in the future of failing to do a thorough job, and that is exactly the sort they are delivering.

There are some peculiarities about the fire insurance business, inherent in the kind of business it is, that are not readily understandable by the public. There was, perhaps, not quite enough emphasis on them in the testimony of underwriters at the hearing. One example is the continuous caution exercised by companies not to become

overloaded in congested areas because of the danger of conflagration. Another point that might have been explained a little further is the extent to which a company underwrites its producers.

The point was brought out but not explained in detail. It could have been said, for instance, that many companies will withdraw from a production office at the least hint of bad faith on the part of the producer. Although several witnesses stated that a property or risk might be rejected because it did not meet the underwriting requirements they might well have explained further that underwriting basically is the practice of avoiding the risk that is bad. It might have well have been brought out that even large companies that write liberally and everywhere at times withdraw from certain territories because they cannot stand the punishment. St. Joseph, Mo., in the depression and Utica, N. Y., only a couple of years ago, are notable examples.

It is not always clear to the public that there are wide differences in practice, company by company, particularly between large and small companies. The large company perforce must adopt only such practices, procedures and coverages that will work and produce satisfactory results over the entire population; yet even they must exercise judgment as to individual risks or properties. On the other hand, the smaller specialty company can promote special ideas and limit writings to areas or segments of the population in which it is especially safe to do so.

If underwriting means anything, it means the exercise of judgment, a selection of business which implies the rejection of some, a discrimination based upon housekeeping and character. No large company can afford to deny any business on which there is a reasonable chance of breaking even or showing an underwriting profit, wherever the business is, and whatever the color or nationality of the person that owns it or lives in it. On the other hand, no company is large enough to afford not to reject those risks that appear to be reasonably certain to produce a loss for the company. It is natural for Harlem brokers to want a larger market, lower rates and higher commissions. Agents everywhere have the same desire to a greater or lesser degree. But if the economics and conditions of the situation do not warrant more than a company can do, the producer is not

going to get it. After all, one result of underwriting over the years and today is a discipline in favor of cleanliness, good housekeeping, and care in the operation of machines. These are economic and social factors, not racial. Companies by selecting reasonably good risks and excluding obviously bad ones, and producers by securing co-operation of property owners and automobile drivers exert a discipline which is beneficial to the community. There are other disciplines beyond the control of the insurance business, however, and

a witness at the hearing pointed to one—securing of a good multiple line dwelling law and enforcement of it.

The hearing developed the fact that several large, excellent companies write business liberally in the areas from which complaints have come. What may not have been so clear is that the fire and casualty companies take their responsibilities to the public a good deal more seriously than almost any other business in the country, including the writing of business wherever they are economically justified in doing so.

PERSONAL SIDE OF THE BUSINESS

W. A. Seely Joins Golfing Elite and Collects \$400

W. A. Seely, western manager of Crum & Forster, has achieved the distinction of scoring his first hole-in-one at golf and at the same time collecting \$400 under a hole-in-one policy which gives odds of 400 to one against such an occurrence. He performed the feat on the 14th hole of the Freeport Country Club.



W. A. Seely

Mr. Seely was in a foursome that included R. H. Gregg, assistant western manager; R. M. Wilcox, agency superintendent, and R. R. Hayes, Minnesota state agent of Crum & Forster. Mr. Seely's score of 79 for the round made him the winner of the game and he collected additional for this.

Mr. Hayes, who was visiting the western department, had ordered the policy for Mr. Seely through the George Danskin agency of Braham, Minn.

Kenneth H. Hayes, special agent for New York Underwriters with headquarters at Great Falls, Mont., Mrs. Hayes and their children, Teddy, 7, and Patricia, 4, were injured in an automobile accident near Brady, Mont. The coroner's jury blamed the accident on the negligence or carelessness on the part of the driver of the other car "who was under the influence of intoxicating liquor." An occupant of the other car was killed. Mr. Hayes suffered fractures of both legs and Mrs. Hayes has a broken arm and severe lacerations. The two children were less seriously injured. They were all in a hospital at Conrad, Mont.

Lawrence S. Myers, vice-president, celebrates his 30th anniversary with Marsh & McLennan, Aug. 18. He joined M. & M. at Chicago in 1920, was made assistant vice-president in 1936, and vice-

president in 1947. He is the author of a number of authoritative publications on insurance, including "The Manufacturer & Insurance" which, originally published in 1939, has been kept up to date and is widely used as a text and reference book in the business.

Leo B. Menner, vice-president of Stewart, Smith, Illinois representative for London Lloyds, left Thursday on the Italian liner Saturnia for Rome. He plans to visit the home office of his company at London. After an extended tour of Europe, Mr. Menner will return early in October.

Charles G. Tachau, president of Louisville F. & M., who recently returned from a trip to England, reported that he arranged some "very excellent" reinsurance contracts while he was abroad.

John A. North, executive vice-president of Phoenix of Hartford, has been elected a corporator and trustee of Mechanics Savings Bank at Hartford.

James B. Cullison, Jr., retired manager and now counselor for Rain & Hail Insurance Bureau, is at Illinois Masonic hospital, Chicago, recovering from a successful operation performed last week.

Harold Leonhart of W. Harold Leonhart Co., reinsurance brokers of Baltimore, is flying to London Sunday with Mrs. Leonhart.

Arrange Gigantic Risk

All risk coverage totalling \$11,200,000 is being arranged on the new Tacoma Narrows Bridge which is expected to be open to traffic in about six weeks.

LaBow, Haynes Co., Seattle, and Hansen & Rowland, Tacoma, are arranging the coverage, with Pierce County Assn. of Insurance Agents participating in the line.

The form will be written on an 80% co-insurance basis. It is presently estimated that the completed cost of the structure will be \$14 million. U. & O. also is being arranged.

B. C. Fire Rates Cut 10%

Fire rates have been reduced 10% in 12 cities and towns in British Columbia on mercantile risks. Not affected are dwellings, sprinklered risks and fire resistive or woodworking risks. The changes primarily are aimed at industrial and light manufacturing risks.

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Business Dept.—Ralph E. Richman, Vice-Pres.; J. T. Curtin, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad Street, Room 1127. Tel. Pennypacker 5-3706. E. B. Fredrikson, Resident Manager.

PITTSBURGH 22, PA.—503 Columbia Bldg. Tel. Court 2494. Jack Verde Stroup, Resident Manager.

SAN FRANCISCO 4, CAL.—507 Flatiron Bldg. Tel. EXbrook 2-3054. F. W. Bland, Pacific Coast Manager, John E. Caughman, Pacific Coast Editor.



DEATHS

RICHARD W. McCOSH, 44, Mississippi and Louisiana state agent of Caledonian, died unexpectedly at his home at Jackson, Miss.

Mr. McCosh was one of the youngest employees of Mississippi Rating Bureau when it was organized. After some years with that organization, he joined Automobile of Hartford and for the past several years has been with Caledonian.

He was on the executive committee of the rating bureau and is a past most loyal gander of Mississippi Blue Goose and past president of Mississippi Field Men's Assn.

EARL H. MODLIN, 54, manager at Buffalo for Fidelity & Casualty, died suddenly at his home in Eggertsville, N. Y.

Mr. Modlin had been with F. & C. for 28 years. He served in the army during the first war and graduated from the University of Nebraska. He started with F. & C. at St. Louis and later served at Minneapolis and was manager there for many years before moving to Buffalo in 1949.

WILLIAM F. O'ROURKE, 43, acting executive director of the New York State Insurance Fund the past year, died at his home in New Rochelle. For many years he was an assistant to the district attorney of New York and from 1940 was attorney for the state fund.

R. S. HOFFMAN, 73, head of R. S. Hoffman & Co. general agency of Boston, died suddenly of a heart attack. He was past president of Boston Board and had been in insurance 60 years, starting as office boy with Cambridge Mutual. Two sons, Robert S. Jr., and Henry are with the firm.

ROBERT W. SELLERS, 50, manager of the surety and burglary department of W. H. Markham & Co. agency,

St. Louis, died Monday of heart disease. He had been in the bonding field practically his entire business career, starting as a boy with Fidelity & Deposit. He left that company about 25 years ago to become assistant manager of the surety and burglary department for W. H. Markham & Co., and several years ago was advanced to manager.

MAGNUS E. LINDBERG, 69, vice-president of claims, Woodmen Accident, died of a heart attack at his home at Lincoln, Neb. He joined the company in 1904 as a stenographer and in 1912 was promoted to superintendent of the claims department. He was elected a director in 1926 and claims vice-president of the three companies in the Woodmen group in 1948.

JACK L. TAVAN, 69, local agent at St. Louis, died of a heart attack while viewing a television program.

ERWIN WHIFFEN of the Whiffen, Johnson & Spafford agency at Houston died in a Galveston hospital. He was a brother of Dean Whiffen, director of the general liability section of the casualty division of the Texas department.

W. C. BECK of Houston, retired district engineer for Hartford Accident, died. He had been with the company 24 years.

M. C. BALDWIN of the Hudson & Baldwin agency, Everett, Wash., died after a short illness.

FIRST LT. RUSSELL W. BRISCOE, JR., son of Russell W. Briscoe, Sr., secretary of Associated Agency, Knoxville, Tenn., general agents, a P-51 pilot, was recently killed in combat in Korea after 20 combat missions. He had been awarded the Air Medal and one cluster for his achievements in the brief Korean war period. He had been employed in his father's agency for a brief period before entering the service.

FRED N. LOCHESME, 74, local agent at St. Francis, Wis., died in his desk chair at the office from a heart attack.

North Carolina E. C. Rates Reduced from 10 to 30%

RALEIGH, N. C. — Reductions in E. C. rates well in excess of proposals made by North Carolina Fire Insurance Rating Bureau have been ordered by Commissioner Cheek.

Mr. Cheek said he was approving reductions averaging about 25%, whereas the bureau had proposed an average cut of 15%. The rate change is expected to save North Carolina policyholders \$779,467 annually.

New rates will be based on the state's loss experience from 1936, when the endorsement was established in North Carolina, through 1948. Some consideration was given to national experience, but only to the extent of providing a reasonable cushion for catastrophe hazard.

The rate cuts range from 10% to 30% and approximately are as follows: Habitational 30% inland, 25% seacoast; schools, 25%; churches, 25%; mercantile, 25%; all other classes, 10%.

For many of the classes, little reduction had been proposed in the seacoast area.

Boston Insurance Telephone Book Is Distributed

Copies of the 1950 edition of the Boston Insurance Telephone Directory have been mailed to local offices by the National Underwriter Company. The 100-page book lists in alphabetic order fire, casualty and life offices in that city, with their phone numbers. Additional copies may be purchased at \$1 each either from the Cincinnati office of The National Underwriter, 420 East Fourth Street, or the Boston office, 210 Lincoln Street.

New N. C. Insolvency Ruling

Commissioner Cheek of North Carolina has issued the following ruling: In the event of the appointment of a receiver for any insurance company licensed to do business in North Carolina, or where a company licensed in this state shall become insolvent or bankrupt or shall make assignment for the benefit of its creditors, policies issued to replace the policies of such company

may be written on pro rata basis to the expiration date of the replaced policy. Claims for reimbursement by agents who issue replacement policies shall be evidenced by a notarized assignment of the return premium executed by the assured to whom a paid-up replacement has been delivered.

M. & M. and Irish & Maulson of Canada Join Hands

Irish & Maulson, Montreal brokers, have merged interests in Toronto and Montreal with Marsh & McLennan Ltd., a Dominion corporation, and will hence-

forth operate under the name of Marsh & McLennan Irish & Maulson Ltd.

Walter Miller, chairman, and F. W. Browne, president, have been elected chairman and president, respectively, of M. & M. I. & M., and all other present officials and personnel at Montreal will retain similar positions in the new company.

The governing committee of Insurance Federation of Ohio will meet at Columbus on Sept. 12 to select a successor to E. J. Brookhart of Celina, president of the Federation, who died a few days ago.



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Inland Marine 1949 Premiums Are \$246 Million

(CONTINUED FROM PAGE 6)

1949 PREMIUMS AND LOSSES RANKED BY STATES, COUNTIES

State	Counties	Written Premiums \$	Paid Losses \$	Ratio Losses Paid to Written %	Indicated Ratio Incurred Losses to Written %
Ala.	Jefferson co.	104,320	38,252	36.67	45.14
	Remainder	151,094	59,619	39.46	48.58
Alaska		3,447	756	21.93	27.00
Ariz.		260,560	188,868	72.49	89.24
Ark.		488,098	186,000	38.11	46.92
Cal.	Los Angeles co.	2,416,789	1,579,934	65.37	80.48
	Remainder	2,718,103	1,563,585	57.52	70.81
Col.	Denver co.	208,776	116,588	55.84	68.74
	Remainder	142,460	43,785	30.73	37.83
Conn.		557,506	316,835	56.83	69.96
D. C.		225,725	153,355	67.94	83.64
Del.		51,198	14,107	27.55	33.92
Fla.	Broward, Duval, Hillsborough, Pinellas, Cos.	558,641	406,845	72.83	89.66
	Remainder	287,688	164,095	57.04	70.22
Ga.	DeKalb & Fulton Cos.	336,922	141,534	42.01	51.72
	Remainder	316,940	167,070	52.71	64.89
Hawaii		67,859	24,044	35.43	43.62
Ida.		76,926	59,490	77.33	95.20
Ill.	Cook & Lake cos.	3,420,023	1,788,903	52.31	64.40
	Remainder	1,036,601	472,892	45.62	56.16
Ind.	Lake co.	89,270	52,129	58.39	71.88
	Marion co.	254,091	95,334	37.52	46.19
	Remainder	620,755	270,909	43.64	53.73
Ia.	Polk co.	89,517	41,550	46.42	57.15
	Remainder	351,900	160,101	45.50	56.02
Kan.		528,436	252,282	47.74	58.77
Ky.	Campbell & Kenton Cos.	21,177	9,634	45.49	56.00
	Jefferson co.	156,497	81,483	52.07	64.10
	Remainder	142,418	47,187	33.13	40.79
La.	Jefferson, Orleans & Plaquemines parishes	163,391	67,853	41.53	51.13
	Remainder	217,481	80,877	37.19	45.78
Me.		90,513	34,893	38.55	47.46
Md.	Baltimore City & co.	247,225	146,267	59.16	72.83
	Remainder	116,387	44,215	37.99	46.77
Mass.		1,416,257	436,804	30.84	37.97
Mich.	Wayne co.	739,085	381,353	51.60	63.52
	Remainder	718,902	303,588	42.23	51.99
Minn.		955,122	406,366	42.55	52.38
Miss.		211,326	108,892	51.53	63.44
Mo.		1,625,150	871,144	53.60	65.99
Mont.		87,499	53,053	60.63	74.64
Neb.	Douglas co.	176,626	87,020	49.27	60.66
	Remainder	186,568	83,970	45.01	55.41
Nev.		65,643	28,321	43.14	53.11
N. H.		52,783	24,589	46.59	57.36
N. J.		810,706	447,792	55.23	67.99
N. Y.	Bronx co.	408,227	283,803	69.52	85.59
	Kings co.	1,148,071	944,288	82.25	101.26
	Queens co.	655,395	442,517	67.52	83.12
	N. Y. co.	1,979,346	1,635,910	82.65	101.75
	Remainder	1,794,888	1,049,327	58.46	71.97
N. M.		145,069	72,397	49.91	61.44
N. C.		344,535	147,234	42.73	52.60
N. D.		96,575	40,686	42.13	51.87
O.	Cuyahoga, Mahoning Summit cos.	855,647	401,147	46.88	57.71
	Franklin, Hamilton, Lucas cos.	675,202	279,665	41.42	50.99
	Remainder	845,062	413,068	48.88	60.18
Okla.		880,161	441,472	50.16	61.75
Ore.	Multnomah co.	169,492	98,142	57.90	71.28
	Remainder	162,871	80,520	49.44	60.87
Pa.		1,400,706	641,223	45.78	56.36
R. I.		142,162	77,934	54.82	67.49
S. C.		195,829	68,754	35.11	43.22
S. D.		86,352	28,779	33.33	41.03
Tenn.	Shelby co.	243,300	83,569	34.35	42.29
	Remainder	472,000	156,728	33.21	40.88
Tex.		1,892,432	985,154	52.06	64.09
Ut.	Salt Lake co.	43,156	15,902	36.85	45.37
	Remainder	34,110	22,863	67.03	82.52
Vt.		46,524	7,712	16.58	20.41
Va.	Chesterfield, Henrico, Norfolk, Washington cos. & Richmond City	127,024	57,724	45.44	55.94
	Remainder	166,242	65,171	39.20	48.26
Wash.	King co.	228,215	113,661	49.80	61.31
Spokane co.		68,584	34,798	50.74	62.47
	Remainder	212,658	117,145	55.09	67.82
W. Va.		141,077	48,046	34.06	41.93
Wis.		588,315	324,847	55.22	67.98
Wyo.		37,365	20,459	54.75	67.40
Unclassified as to State		120,583	88,560		
TOTAL		39,730,447	21,216,299	53.40	65.74

Two Groups File Broad E. C. Endorsement in Wash.

General of Seattle and First National and Atlantic Mutual and Centennial have filed the comprehensive extended coverage endorsement in Washington, following the lead of American Automobile Fire of St. Louis.

The General-First National filing does not include earthquake coverage and the company is using a \$100 instead of a \$50 deductible as respects the perils covered under the endorsement. Rates are 10c for one year, 25c for three and 40c for five.

The Atlantic-Centennial cover includes earthquake, but it takes a 1% deductible. The remaining perils in the comprehensive form take a \$100 deductible. The rates are 20c for one year, 50c for three.

As in the case of American Automobile, the comprehensive extended coverage is being written only on owner-occupied dwellings.

Plug Escott Plan in Mo.

Superintendent Leggett has under consideration a memorandum on the Missouri fire rating law as it pertains to the multiple location fire rating plan. It was prepared for the Missouri Assn. of Insurance Agents by Charles P. Butler, New York City attorney, formerly the executive vice-president of the National association.

The memorandum states that the Escott plan supplies a needed fire rating plan and that it is nowise unfairly discriminatory under the Missouri rating law or under the rating laws of other states. The Missouri association favors use of the Escott plan in Missouri.

The **Dodwell & Primm** agency has been formed at Humansville, Mo.

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CASUALTY and SURETY SECTION

August 17, 1950
PAGE 17Approach Final
Decision on U. S.
Employee BondingExpect Senate Passage
of Bill in House
Form

WASHINGTON—Surety people are inclined to expect Senate passage of the Karsten bill providing for surety bonding of government personnel with government paying premiums, substantially in the form it passed the House. Members of the Senate expenditures committee and government officials heard, generally were not favorably impressed by amendments suggested by surety interests and incorporated in a committee print of the measure prepared by Senate staff members.

Surety people explained that the reason was that it is difficult for people not

Mass. Governor Now For
All Private Plan

With the urging of labor unions to agree to an all-private insurance plan on non-occupational disability compensation by Gov. Dever, apparently the Democratic administration in Massachusetts has given up its efforts to secure a monopolistic state fund system. Speaking at the Massachusetts Federation of Labor meeting at Springfield, the governor asked for the all-private plan, which

was a complete reversal of his previous stand. The Federation did not act upon the governor's appeal.

He indicated it would be impossible to put through a state fund measure in the legislature in 1951, and he indicated it was the insurance lobby and the opposition of the Catholic church that defeated the administration and labor coalition of 1950 which tried to get a state fund bill passed.

He said the insurance lobby has been peculiarly effective in Massachusetts. By that he indicated he did not imply it is corrupt but that it has

vision that whenever an employee is bonded under the new act "his surety or sureties on any existing bond shall not be liable for any defaults taking place subsequent to the date of his new coverage."

The companies wanted to change the requirement that the most "economical type" of bond be purchased to the most "appropriate form" of bond. They suggested there was no reason why bonds should be procured on a different basis than supplies and services generally. Military and civilian procurement is said to be generally on the basis of price and other factors.

Senator Hoey, subcommittee chairman, reviewed the situation with respect to various government employee bonding bills, hearings on same, etc. He indicated the committee wanted to conclude action on the matter promptly.

Employees Groups Favor Bill

Representatives of government employees' groups generally endorsed the pending legislation. They were Col. Charles Stengle, American Federation of Government Employees; E. C. Holbeck, National Federation of Postoffice Clerks; Jess Norton, National Assn. of Postoffice Supervisors; Robert W. DeCroes, Assn. of Employees of Internal Revenue Collectors; Luther Steward, AFL government employees organization.

William H. Bennem, vice-president of American Surety, for Assn. of Casualty & Surety Companies, read a prepared statement.

Mr. Bennem spoke in favor of an amendment to authorize advance payment of premium for periods not exceeding two years, in order that the government could, if it so wished, avail itself of a premium discount for the second year's premium.

This, he said, will eliminate the necessity of re-executing bonds every two years which, by reason of premium cost are not subject to competitive bidding. This will affect a substantial decrease in handling expense.

He also approved a change to bring the competitive bidding practice on bonds with premiums exceeding \$500 in amount into uniformity with section 3(b) of the armed services procurement act of 1947 (public law 413, 80th Congress) and section 303(b) of the federal property and administrative services act of 1949 (public law 152, 81st Congress).

"Obviously," he said, "factors other than price are very important to protect the government adequately suretywise."

The Western Companies, which are celebrating the 40th anniversary of Western Casualty & Surety, were featured in a two-page article in the August issue of Kansas Construction Magazine.

A. & C. Seeks
to Buy Control
of Am. Casualty\$22 Per Share Offered
for 70% of Stock
by Sept. 15

Stockholders of American Casualty of Reading have been notified that the U. S. branch of Accident & Casualty of Switzerland has offered to buy control of the Reading company. It is understood that A. & C. has offered to pay \$22 per share if 70% of the stock can be delivered by Sept. 15. The stock of American Casualty moved up about four points in the over-the-counter market Tuesday. On Monday it was quoted 16 1/4-17 while on Tuesday the range was 20 1/4-22.

At Dec. 31, American Casualty reported assets of \$21,119,938, capital \$1,653,750 and net surplus \$3,376,725. The par value is \$5, which means that the capital-surplus value is something over \$15 per share. American Aviation & General is the affiliated fire insurance company.

Insurance Men Take Part

WASHINGTON — Representatives of insurance interests who attended the recent meeting here of the President's Committee on National Employ the Physically Handicapped Week are actively supporting the program for employment of handicapped persons as good business for those persons and for employers, committee sources state.

Attending the meeting, which was addressed by President Truman, were John Grimaldi, director of engineering Assn. of Casualty & Surety Companies, who is vice chairman of a subcommittee working on development of programs for institutes at colleges and elsewhere for consideration of the problem of employment for physically handicapped persons; Stanwood Hanson, Liberty Mutual health service head; Clark Bridges, director of conservation for Zurich, Chicago, and B. E. Kuehle, Employers Mutual Liability.

been fully restored, whichever event should occur earlier. American National would agree that if at the expiration of the seven-year period the benefits under the non-can policies were not fully restored, American National would contribute to Pacific Mutual enough cash (excluding the \$3 million purchase price) to fully restore the non-can benefits. The voting trust agreement of April 4, 1938, would be terminated and all stock of Pacific Mutual (new company) would be turned over to American National. After the non-can policies have been fully restored, American National would have the option to reinsure all policies of Pacific Mutual then in force in American National.

The offer states that while American National realizes that retention of Pacific Mutual's present management cannot be made a condition of its offer, American National nevertheless declares that it intends and proposes, if possible, to retain the present management of Pacific Mutual and its general agency field force for a period of at least seven years from the date of the offer's acceptance and approval.

AMER. NAT'L MOVE

Pacific Mutual
Blasts \$3 Million
Offer for Its Stock

LOS ANGELES—The wind-up of the second week's hearing on the mutualization proposal of Pacific Mutual Life was marked by an offer of American National of Galveston to purchase the company's outstanding stock for \$3 million. The offer was read into the transcript of the hearing after Commissioner Downey had overruled the objections of Homer Mitchell, counsel for Pacific Mutual.

President Asa V. Call of Pacific Mutual issued a statement in which he said that "it is my understanding that the proponents presented the offer at this time for no other purpose than the bearing it may have upon the plan of mutualization now being considered by the commissioner. In my opinion this offer does not in any way indicate that the plan of mutualization, whereby ownership of the company will go to its own policyholders, should not be approved."

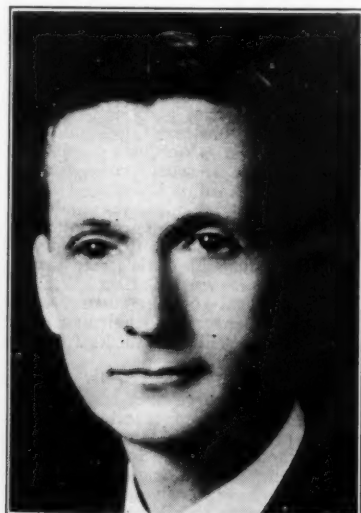
Mr. Call said that Pacific Mutual is today in the strongest financial condition in its history, largely because of the loyal support of its policyholders and "it is most complimentary that a Texas life insurance company should show this interest."

Best for All, Says Mitchell

Mr. Mitchell pointed out that the mutualization plan was devised and presented by eminent authorities and that the plan "not only protects the rights and interests of the company, the shareholders and the policyholders, including the non-can policyholders, but is best for all those classes and for each of those classes of interest in the new company and this so-called offer which we will in the course of argument analyze and criticize to you, not only is not better than the plan of mutualization provided by these eminent gentlemen, but is worse and is actually no offer at all under the code or under the agreement."

Would Restore Benefits

Under American National's offer, that company would agree, among other things, to apply all funds of Pacific Mutual Life available for its general corporate purposes and not reasonably required for business operations toward the full restoration of the benefits under the non-can policies for seven years or until such time as the benefits under the non-can policies would have



W. H. BENNEM

familiar with the surety business and court decisions related to its bonds to understand the workings and practices with relation to liabilities, penalties, etc.

Chief hitch appeared to occur over the question whether penalty under a surety bond to the government should be limited to the period of time covered or should be cumulative. The government has contended for the latter. Under a two-year bond for \$10,000, Senators appeared to contend for \$20,000 liability.

Broadens Basis for Choice

Under another amendment submitted in behalf of the companies, procurement would be made "from the lowest responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the government, price and other factors considered," such procurement to be made through the general services administration when so required.

A final amendment provides that the new act would take effect 60 days following the date of its enactment, in order to allow time for adjustments and shifting from the present method under which government employees procure and pay for their own bonds, to the government procurement and payment method.

The companies recommended a pro-

War Time 4-Bid Requirement Is Reappearing

Contractors and Insurance Brokers Shudder at Red Tape Threat

Brokers and underwriters are commencing to shudder at the prospect of the red tape that threatens to reappear in connection with the arranging and servicing of insurance in connection with war contracts. The memory of onerous requirements during the last war, is still sharply in the minds of the insurance fraternity and there is the greatest distaste for all that to be echoed so soon again. The companies and the producers, of course, will co-operate in every way in this new

military program but they all feel that in the last war they were required to subject themselves to a mountain of red tape that served very little, if any, purpose in the aggregate. It is not that they object to having the cost trimmed but they are appalled at the idea of repeating the many extra steps and paper work that was involved in connection with insurance contracts during the last war.

Already there is evidence of some of these old requirements being re-imposed. For instance, there are cost-plus-fixed-fee contracts in process of negotiation with armament manufacturers in which the specifications as to insurance require that bids be gotten from four insurance companies on workmen's compensation, employer's liability, public liability, protective liability, auto B.I. and P.D. Two must be from fixed premium companies and two from dividend paying companies. It is required that the original insurance bids with the recommendations of the manufacturer be sent to the awarding office. These will be reviewed and one of the insurers approved, but not until all that is done can the manufacturer know that his insurance costs will be recoverable from the government. This insurance must be separate and apart from the other insurance of the contractor.

This four bid requirement is ap-

plicable not only to the general contractor but also to any of the subcontractors that are on a cost plus a fixed fee basis. The process is no less distasteful to the contractors than to the insurance people and some of them are urging the underwriters to get together with the government authorities as quickly as possible in an endeavor to work out a system that will protect the government but at the same time will be workable and that will avoid just as much red tape as possible.

HEARINGS SEPT. 11, 14

Cal. Minimum Benefits Code Trimmed 70%

LOS ANGELES—Commissioner Downey has issued a revised set of proposed rules and regulations under the new California law requiring the fixing of minimum benefits for A. & H. policies. This latest draft runs eight typewritten pages as compared with more than 30 pages in the previous draft and this in itself is regarded as constituting progress in the estimation of the A. & H. business.

Mr. Downey will hold a public hearing on this latest draft at Los Angeles, Sept. 11 and at San Francisco, Sept. 14. Insurers have been invited to submit suggestions in writing and it is very likely that the department will have this invitation accepted in full measure. The department has been working on this proposed code and has held informal hearings.

In announcing the hearing, Mr. Downey stated that the proposals were prepared following extensive discussions with various representatives of insurers. Mr. Downey expressed the belief that these proposals are generally concurred in by company representatives except that the latter have expressed no approval of the amounts contained in the proposals. He said it is anticipated that the A. & H. people will urge adoption of a scale of amounts lower than those contained in the proposals.

There are a number of unresolved points and blanks are left in the proposals in connection therewith. For instance, in connection with medical services, it is stated that a benefit for the expense of physicians and surgeons' professional calls shall be deemed to be of real economic value to the insured if (a)—not more than the first . . . calls are eliminated from the benefit. Thus, at the hearings the number of calls to be inserted here will be discussed.

Another blank is found in the proposal that any blanket hospital, surgical, medical and/or nurses' expense benefit shall be deemed of real economic value to the insured irrespective of the fact that payments for the expense of separate disabilities are subjected to either one, but not both, of the following: (1) the deduction of a sum not exceeding \$100, or (2) the deduction of a sum not exceeding . . . % of each expense incurred.

As a matter of fact, arguments may be cited for permitting both kinds of deduction in the same contract under certain circumstances.

Albert Vogt, deputy U. S. manager of Zurich at Chicago, and Mrs. Vogt have returned from a Pacific Coast trip that centered about a visit to their daughter and son-in-law, Mr. and Mrs. William E. Church of San Diego and their three grandchildren, the third, a girl, having just arrived.

A number of insurance trade association people are at Northwestern University at Evanston this week for the annual institute of National Assn. of Trade Assn. Executives, including B. G. Gregory, secretary of the St. Louis and Missouri agents associations, and Joseph A. Perin, education director of the Ohio association.

High Court Declines to Halt Mass. Flat Rate Vote

Any chance of keeping the compulsory automobile insurance flat rate initiative petition off the Massachusetts ballot on legal grounds has been ruled out by the Massachusetts supreme court. The questions will now definitely be placed before the voters in the November election.

The supreme court has upheld the validity of the petition which has been questioned by insurance interests on the ground that it did not meet the constitutional requirement of geographical distribution of signatures.

The petition has far more than the minimum of 20,000 signers, but more than 3,000 are from each of three metropolitan Boston counties, whereas the constitution declares that not more than one-fourth of the certified signatures on any petition shall be those of registered voters of any one county.

The supreme court was divided four to three on the constitutional question that was involved. The minority held that the constitutional requirement is clear and should be complied with.

The signatures to the initiative petition were filed by Rep. Harold W. Canavan of Revere.

Retrospective Rating Is Reopened in Cal.

A committee composed of a number of companies has filed in California premium discount and optional retrospective rating procedures similar to those in effect in most states, for consideration by Commissioner Downey. The program includes premium discounts, gradation of expense and plan D, for compensation, auto and general liability. Under California's rate law the program as it would affect W.C. requires approval of the commissioner after a public hearing. Chairman of the committee is William Wittkoff of Employers Liability.

There are 35 rate regulated states and territories where premium discounts are in effect for compensation insurance and 47 rate regulated states and territories where Plan D is in effect for W. C. auto liability or general liability. The list is so extensive that California W. C. insurance stands out as a notable exception.

According to present indications, a public hearing on this proposal will be called Sept. 10 to 19 in San Francisco, to be followed by a hearing at Los Angeles Sept. 21.

Chicago Surety Underwriters Set Annual Golf Rally

The annual outing of Surety Underwriters Assn. of Chicago has been scheduled for September 26 at Bob-O-Link Country Club. In addition to golf, the day's festivities will include luncheon and dinner. The Chicago group will act as host at the affair to the Milwaukee association. Golfing prizes will be awarded as well as prizes for non-golfers.

Need Proof of Employment

PIERRE, S.D.—Because the town board failed to record in its minutes that Cecil Roush had been engaged to dismantle an abandoned power plant, he was not entitled to workmen's compensation for injuries suffered in doing the job, the state supreme court has ruled. "Therefore, the essential relation of employer and employee did not exist when the claimant met his unfortunate accident," the court said. He had been awarded \$3,000 by the industrial commissioner.

*You too will be carefree
if you rid yourself of worries!*



In carrying on the exacting business of insurance, important duties can easily slip one's mind these busy days.

Every insurance man strives to render the best of service, but NO ONE IS INFALLIBLE.

Every day, some broker or agent or member of his staff, may forget, or misunderstand, or "Didn't Have Time,"

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Uses of Cost Figures to Guide Agency Management

When, about three years ago, Arthur L. Schwab discovered that the Staten Island agency of Moffatt & Schwab in which he is a partner was writing a lot more business but was not making any more profit, he became interested in agency costs. He not only made a cost study in his own agency, but followed with close attention cost figures developed in other agencies by the National Assn. of Insurance Agents, the John C. Stott study made by the New York Insurance Department, etc.

Active in the New York State Assn., Mr. Schwab has consistently urged, from the platform and less formally, the necessity of agents knowing their costs in order to control their economic destiny. He firmly believes that an agent must know what it costs him to do business before he can be sure at all times that he is doing business successfully. Also he recognizes the inevitable arrival of the time when agents generally must stand up before state supervisory authorities with sound figures that will justify their place in the insurance economy.

Each agency's cost pattern differs according to the peculiarities of its operation, the kind of community it operates in, etc. This has made difficult the development of averages that have the authority of statistical volume and geographic spread and at the same time that would be close enough to the operational pattern of the particular agency to make comparisons mean anything. However, while the business is waiting for this kind of job to be done, the individual agent can determine his own costs in a way that will at least help him greatly in directing the sales efforts of his office and testing his procedures for efficiency and economy. This can be done inexpensively and without too great an expenditure of time.

Mr. Schwab determined the cost per policy of doing business in his own agency. It is true that the figures thus garnered are averages that do not always show with refinement what is actually occurring even in the individual agency. At the same time, of course, the averages seldom fit the operation of any other agency. However, the costs that Mr. Schwab found were true for his agency and come reasonably close to those found elsewhere, close enough to provide a rough working guide. The breaking point between profit and loss in Moffatt & Schwab is \$50 in premiums per policy. The cost of handling was \$12.39 per policy in 1949. These figures and the Westchester county figures cited below include the agencies' own management and sales expense. Some agency cost studies do not.

JOB STUDY

To start with, Moffatt & Schwab had to segregate its real estate and insurance operations. The agency spent a month making a job study. Mr. Schwab found that the actual results of such a study were only five to ten points away from what he had estimated preliminarily.

His prime interest was to get the per policy cost in order intelligently to direct sales efforts. It was important to know if the agency could afford to hire a salesman to go out and sell insurance. It has a man selling outside, concentrating on automobile policies, who produces about 250 new ones a year. This is considered good by the agency for the Staten Island situation—though it might not be satisfactory somewhere else. Selling this many new policies per year he does all right for himself and for the agency. More research in this direction, however, is needed.

The average policy the outside sales-

man sells runs around \$75. That means that he brings in approximately \$18,750 in new premiums each year on which the agency earns over three years roughly a \$9,000 commission assuming renewal rate of three in four policies. The pure sales expense (salesman's salary, expense of getting around, etc) is about one half. To this must be added the office expense.

In 1948 the average size fire policy of Moffatt & Schwab was \$39. The agency has been able to build this up to \$47, which was the average in 1949. Most of these policies are 3-year contracts.

Here are some of the specific steps that it took:

Ninety days in advance of expiration of a policy, the card on which is recorded all of the lines the agency carries for a particular insured goes across Mr. Schwab's desk. He examines the card carefully before writing the renewal letter. With the letter he includes an up-to-date valuation of in-

sured's property, and there is the general suggestion that coverage be increased to the amount shown in the valuation. The agency gets about a 2% return from this 90-day letter, which is as good as it expects. Then 60 days before expiration the account and the agency's recommendations on specific expiring policies are followed up by letter, phone and personal call. The valuations are done by the agency except on substantial properties where it may call in a company engineer.

In examining the cards, Mr. Schwab is intent upon finding ways to build the average size of the policy or of the ac-

(CONTINUED ON PAGE 24)

Like F&D, he SPECIALIZES

BLOWING BUBBLES

in glass is his business. With blast lamp and tube, the laboratory glass worker shapes complex assemblies through whose "veins" flow the marvels of chemistry. An entire industry depends on the skill of this specialist.



And, like F&D, he acquired his specialized skill by constant practice over a long period of time.

F&D's ability to act swiftly and authoritatively in connection with any bonding proposition and the close-at-hand facilities of its 50 field offices are highly valuable assets to its agents. Together they enable F&D representatives to meet the bonding requirements of their clients with professional competence, no matter how limited their own surety experience may be.

Especially important to F&D agents is the frequently-demonstrated ability of the company's experts to devise ways and means of covering out-of-the-ordinary bonding risks, thereby creating worthwhile commissions for the producers involved, as well as strengthening their relations with their clients.

Yes, in the bonding business, as in other fields of endeavor, specialization means better service to all concerned.



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CHANGES IN CASUALTY FIELD

Schroeder to Allstate Home Office, McGillen and Spenger Named

Edward H. Schroeder, manager of the New York regional office of Allstate, has been appointed assistant vice-president in the home office claim department.

John H. McGillen, manager at Rochester, N. Y., has been appointed to succeed Mr. Schroeder at New York, and Thomas J. Spenger has been named to replace Mr. McGillen at Rochester.

Allstate has appointed William F.

Powers as manager at Philadelphia. He succeeds Clarence J. Weiss, recently appointed assistant vice-president and general sales manager in charge of renewal sales.

After joining Allstate in 1943, Mr. Powers served four years as field promotion manager in the home office sales department. He has been sales manager at Philadelphia since 1947.

Mr. Schroeder, a graduate of Chicago Law College, joined Allstate in 1936 as a claim examiner. After two years as claim manager at New York, he was named home office claim manager. In 1947 he became manager at New York and in 1949 was appointed assistant

vice-president.

Allstate has appointed Henry M. Mereness, resident manager at Newark since 1947, to the newly created position of assistant vice-president and eastern zone manager. He is succeeded by Arthur Oakes, underwriting manager of the Chicago regional office. He will be responsible for the general administration of the New York City, Rochester, Philadelphia and Newark offices. Mr. Mereness joined the company in 1931. He has served in the underwriting and claim operating departments at the home office and has managed the New York and Illinois branches.

Mr. Oakes went with Allstate in 1938, becoming Chicago underwriting manager in 1947. He is an army veteran.

Three Standard Promotions

L. M. Probst has been named claim representative in charge of the Duluth office of Standard Accident. He joined the company in 1946 as a claim representative in Minnesota.

W. H. Lienack has been appointed safety engineer at Albany, N. Y. He has been with Standard since 1948 when he started training as a safety engineer at the home office.

S. J. Ciambella has been named field representative for north central Ohio. He will be located at Cleveland.

Tyler to National Surety

Gilbert F. Tyler has been appointed superintendent of the safety engineering division of National Surety.

Mr. Tyler formerly was safety superintendent of the Atlantic division of Pan American World Airways and has worked with a number of casualty companies. He graduated from Massachusetts Institute of Technology.

Robt. F. Lloyd Promoted

Robert F. Lloyd, agency superintendent at Cincinnati for Hartford Accident, has been promoted to assistant manager. He has been with Hartford Accident 11 years.

Shadrach to Local Agency

W. S. Shadrach, manager of General Accident at Dallas, has resigned and purchased a half interest in the Lett agency of that city. Before joining General Accident at Dallas, Mr. Shadrach was manager of the casualty department of a general agency.

Amer. Title Appoints Two

American Title has appointed Homer A. Howell state agent for Alabama, Georgia and Tennessee, succeeding Robert P. Feemster, resigned. Mr. Howell will supervise Alabama for Equity General, Tennessee for American Title and Georgia for both companies.

American Title also has appointed

Paul Bromley Co., Louisville, Ky., as general agent for American Title and Equity General in Kentucky and for Equity General in Tennessee. Mr. Bromley was formerly with Fireman's Fund at Chicago.

COMPANIES

New Amsterdam Premiums at Peak

Premiums written by New Amsterdam Casualty in the first six months were \$18,931,588, which is the largest production for any similar period in history. It was an increase of \$474,639 as compared with the comparable period of last year. The underwriting gain was \$300,529 as against \$1,266,458 in the six months of last year.

During the six months there was added \$1,888,335 to premium reserve, \$703,000 to claim reserve and \$542,689 to reserve for contingencies. Surplus to policyholders was \$20,746,833, including contingency reserve of \$9,746,833. Last year the net surplus plus contingency reserve was \$18,545,541. Assets were \$73,305,439. U. S. Casualty had premiums of \$9,294,871, assets of \$31,672,409.

State Farm Premiums Are Up 13% in Half Year

Record half-year production and earnings figures are reported by State Farm Mutual Automobile for the first six months of 1950. A gain of 13% in premiums and membership fees was recorded, total volume exceeding \$47 million. Earnings totaled \$10,846,994, including a profit of \$9,331,407 from underwriting, statement basis, and net investment income of \$1,515,587.

The new highs in premiums and underwriting profit were achieved despite substantial reductions in rates in each of the last three years.

In the first half of 1950, \$9,913,435 was added to surplus. At June 30, surplus to policyholders totaled \$65,298,921. Claim reserve is \$36,496,473 and premium reserve \$22,597,145. Assets were \$132,238,715.

Earned premiums for the six months, exclusive of membership fees, were \$43,458,927. Losses of \$20,265,704 were incurred. Loss adjustment expenses were \$6,913,158, and underwriting expenses \$6,878,807.

Six Months Record

Standard Accident had net written premiums of \$21,143,076 for the first six months of 1950, compared to \$18,411,815 in the same period of 1949, an increase

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of \$2,73 from all income a taxes we holders \$133,655.

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of \$2,731,261, or 14.8%. Net income from all operations including investment income and after current federal income taxes was \$541,391. Surplus to policyholders was \$20,691,389, an increase of \$133,655.

Seeks Liability License

Producers of California has applied for a permit to issue a certificate of contribution in the amount of \$100,000 to Producers Underwriting Corp. for the purpose of rehabilitating the affairs of the company and to furnish the surplus necessary to qualify for a certificate of authority to do liability insurance in addition to the automobile classification for which it is licensed.

Gains Are Reported

Government Employees Ins. Co. of Washington at June 30 reports assets of \$10,301,976. This compares with \$9,181,814 on Dec. 31. Loss reserve is \$2,065,117, premium reserve \$4,054,468 and capital \$700,000. For the first six months premiums written were \$4,041,689, premiums earned \$3,499,223. The loss ratio for the six month period was 60.7 against 54.8 for the same period last year and the expense ratio was 13.1 as against 12.4.

Home Indemnity has been licensed by the New York Department to write fire, allied lines and marine. The company will seek multiple line licenses in other states where permitted.

Industrial Indemnity of San Francisco has applied for a permit to sell not in excess of 400 shares of its capital stock, of \$100 par value to 17 named employees or their nominees at a price of \$500 per share.

Loyal Automobile of Los Angeles has applied for a permit to issue 100,000 shares of its \$1 par capital stock, on the basis of 50,000 shares to be sold at a price of \$2.50 per share with preemptive rights to its California stockholders to buy at a 10% discount if the right is exercised within 60 days, and 50,000 shares at \$3.00 per share to bona fide California residents.

New Jersey Manufacturers Casualty and its running mate New Jersey Manufacturers Association Fire, have declared a regular dividend of 20%, plus two extras of 5% each, on policies written in the fourth quarter of 1949.

Paul M. Dauten, Jr., professor of economics and director of the division of economics and business administration, Missouri Valley College, who has been change fellowship, has begun six weeks' observation of operations at American Mutual Liability's home office.

Beneficial Fire & Casualty has been licensed as a multiple line writer in Utah.

Anchor Casualty has been licensed in Wisconsin. It is now licensed in 36 states and the District of Columbia.

ACCIDENT

Bankers L. & C. Injunction in "Ad" Question Retained

DES MOINES—Judge Franklin has refused to dissolve a temporary injunction which restrains Commissioner Alexander from denying a license to Bankers Life & Casualty.

Mr. Alexander and the company have been involved in a controversy for nine months over the firm's advertising of its "White Cross plan." The commissioner contends that the advertising is misleading.

Mr. Alexander refused to renew the license of the company and its Iowa agents because of the advertising but Judge Franklin ordered the commissioner in March to issue the renewals. Previously, the court had ruled the commissioner exceeded his authority in revoking the company's license and ordered it reinstated.

The issue is now expected to be submitted to the state supreme court with the issue to be important as it involves

the authority of the commissioner to revoke a license or refuse to grant a renewal.

Sterling to Pay Employees While in Armed Services

Sterling of Chicago has announced that it will pay to each employee who has been in the home office a year and who goes into active service the difference between his service pay, including all allowances, and his salary at the time he leaves. This will continue for the entire period of active

service. The amount, however, remains constant even if service pay exceeds salary.

Hears Convention Report

San Antonio Assn. of A. & H. Underwriters heard a report on the Detroit convention of the International Association by Herman Andrew, Business Men's Assurance, and O. D. Harlan, National Travelers Casualty.

Say Canadian Plan Working

Government officials have denied that the Saskatchewan hospital services plan

is in "great difficulties" with the possibility of "collapsing" if drastic remedial measures are not taken. The denials have been issued by minister of health, T. J. Bentley, and Dr. Harold E. Baird, president of the Saskatchewan Hospital Assn.

Dr. Baird states that "there has never been any suggestion that the plan is anything but a success." Mr. Bentley says no consideration has ever been given to the possibility of the government taking over hospitals.

Mr. Bentley adds that there is a definite need for the public to take a greater interest in and more responsi-

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bility for the success of the plan. In certain areas, hospitals are being over-used by the public. It is the unnecessary expenditure occasioned by this abuse which is of concern to the Hospital association, Mr. Bentley says.

Adds 31-Day Grace Period

United States Life has introduced a 31-day grace period on all regular commercial A. & H. contracts. The extension applies to all new policies as well as to policies heretofore issued.

In line with the change, the company has revised its premium notice forms. The first notice tells the policyowner "It's Time To Renew," the second is "Just a Reminder." Both call attention to the privilege of using the 31-day grace period. The third notice says "Don't Discard Your Protection" and contains a reinstatement form on the reverse side.

R. J. Thurow Promoted

Robert J. Thurow has been appointed superintendent of the Pacific Coast A. & H. department of Loyalty Group. Mr. Thurow has been at Cleveland in charge of A. & H. in Ohio for seven years.

Graff Joins Interstate

Fred N. Graff, formerly claim manager of George Rogers Clark Mutual Casualty, has joined Interstate Reserve Life as secretary-treasurer. Mr. Graff has been in insurance for 33 years. He graduated at University of Chicago.

National A. & H. of Philadelphia is conducting an anniversary campaign this month. Last month the company increased business over the previous month by 30%.

Michigan Bar Group Seeks W.C. Law Changes

Liberalization of the Michigan workmen's compensation law has been recommended by a special committee of the State Bar of Michigan. The report is to be submitted to the lawyers' organization at the annual convention at Grand Rapids Sept. 29.

Elimination of the "election of remedy" clause is one of the recommendations. Under this provision, an injured employee or his dependents either may choose to receive compensation benefits or sue the person responsible for injuries in a case where third party li-

ability exists. Inferentially, the committee would permit the injured employee or his dependents to collect compensation but retain the right to sue the third party.

The committee also favored restoration of a provision in the law requiring mandatory coverage for all public em-

ployes. A present provision attempting to make the report of a medical examination ordered by an employer or insurer available to the employee was held both "inadequate and inequitable." It was suggested a workable provision could be devised for exchange of medical information.

Leading Students Given Awards



Russell E. Stevens, executive committee chairman and educational director of New Jersey Assn. of Insurance Agents is shown (second from right) presenting cash awards to the two students attaining the highest marks in the Newark semester of the school of insurance sponsored by the association.

The awards are made possible through the joint sponsorship of New Jersey Insurance Field Men's Assn., Casualty Underwriters Assn. of New Jersey and

Surety Underwriters Assn. of New Jersey. Shown from left to right are: John B. Rooney, secretary Commercial Casualty and president of Casualty Underwriters Assn.; Anthony Budin, winner in the men's division; Mildred Smith, winner of the women's division; George H. Martin, New York Underwriters and associate director of the school; Mr. Stevens, and Charles J. Unger, executive secretary of the New Jersey Agents association.

McCord Plans Another Florida Short Course

Approximately 13 years ago, L. P. McCord of Jacksonville, then president of Florida Insurance Agents Assn. conceived the idea of insurance education through short course schools and arranged for the first school at Camp Roosevelt, near Ocala, Fla. Such was the beginning of the present extensive educational program sponsored by N.A.I.A., various local boards and insurance women's organizations.

When Mr. McCord arranged for the first school he was skeptical about its chances of success. He expected about 50 students to enroll but was astounded when total registration numbered 358.

The reaction to the school's success was spontaneous. Immediately inquiries began to pour in to the National association's office and to Mr. McCord asking for information as to the method employed to set up a school.

Florida School Revived

Because of the war, and later inability to secure the proper locale for holding a school, all educational activities in Florida have been carried on through the N.A.I.A. educational program. Mr. McCord this year, however, has planned a comprehensive school to be held at the University of Florida, Sept. 3-7. The school sponsored by the university and Florida association will embrace the entire educational program of the National association.

Instructors include: L. J. Ackerman, University of Connecticut; C. A. Atkins, special agent, Hurt & Quin, Jacksonville; F. W. Chapman, special agent, Fireman's Fund; J. N. Cosgrove, assistant secretary, American; Roy A. Duffus, past president New York association, Rochester, N. Y.; E. J. Gallagher, Florida manager, Travelers In-

demnity; J. F. Goodwin, University of Florida; L. P. Hebard, Randall & Hebard, Jacksonville; R. J. Layton, Rough Notes Co.; T. T. Lippitt, J. H. Norton & Co., Jacksonville; Raymond Mason, University of Florida; W. J. Matherly, University of Florida; E. R. Milbourne, superintendent special risk department, U. S. F. & G., Jacksonville.


Other instructors are: S. E. Myrick, Florida manager, Home; J. F. Neville, secretary, National association; Lee Ogburn, J. H. Norton & Co., Jacksonville; Clarence Rauter, director educational division, National association; J. H. Riley, Finley Tucker & Bros., Jacksonville; L. L. Sertel, Sertel-Reducka, Inc., Miami; V. V. Sweeney, University of Florida; E. C. Trefry, production supervisor, Employers group; D. L. Tullis, Finley Tucker & Bros., Jacksonville; T. H. Tumlin, Stembler-Adams-Frazier agency, Miami; A. C. Weaver, Jr., state agent, Phoenix Assurance; S. G. White, Rhudy & White, Jacksonville.

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Harlem Brokers Scout Discrimination Denials

NEW YORK—The hearing on complaints of discrimination by fire and casualty companies chiefly in the Harlem area ended here Tuesday with insurance representatives stoutly denying they discriminate on account of color, Harlem brokers vigorously reasserting all their original charges plus some embroidery and members of the joint legislative committee on rates and rating legislation attempting to get their hands on some concrete evidence one way or the other.

In the two days of hearing two weeks ago company representatives generally denied they declined automobile B.I. and P.D. cover in Harlem because the area is congested. But two witnesses testified this week that they declined business on that ground because losses were greater than in non-congested areas. One said his agency had mapped the city and in what it regards as congested districts, where its loss ratio is 30% greater than non-congested areas it canceled its business and will not write new risks.

United Brokers Assn., the Harlem group, put in a statement via President A. J. McNaught, calling on the committee to sponsor legislation to bar discrimination on grounds of race, color, nationality or area. The brokers think they presented sufficient evidence to show a definite pattern of discrimination against Harlem residents by insurers writing cover on real property, household furniture and auto liability, and that companies and their spokesmen failed to produce facts and figures to support their denials.

Poohpoos the Arguments

Companies' and agencies' arguments in denying discrimination, according to the brokers, consist of refusing to deal with a broker whose background is unknown, riots in Harlem, bad loss ratio in congested areas.

The brokers' statement poohpoos the background of broker argument as a Trojan horse to hide discriminatory practices since any broker will readily furnish to a new company connection information on old connections. Since companies exchange information this can be checked. Companies here are charged with bad faith.

The poor loss record of two brokers cited by the companies was challenged by the statement in one case on the ground the figures were erroneous and in the other that what difference does a bad loss ratio of a broker in his first year with a company mean anyway? That is a chance the company takes and if there were no risks there would be no need for insurance, the statement asserts.

The statement admits validity of high loss ratio in congested areas but says the companies did not prove their contention by records or statistics. As to high frequency of auto losses in Harlem, the brokers argue accidents in the area are caused by non-resident motorists going to and from New Jersey, Bronx, Yankee and Giant ball parks, etc.

Insurers should operate at a profit, the statement concedes, but stockholder profit isn't their only reason for existence. No insurer "doing business under a franchise granted by this state should have the right to make capricious denial of insurance to any citizen any more than a public carrier has the right to refuse transportation to a citizen except for cause."

The brokers say that of 200 fire insurers and 60 casualty companies doing business in New York City about 10% of former and 15% of latter do business in Harlem. What instructions are given by companies to underwriters and agents as to writing Harlem business? The committee should subpoena the companies and make them tell, the

brokers declare. If all companies wrote in the area no one company would feel it had too much of that business. Brokers' appeals to the industry to cure the situation have been in vain, they say.

Charles E. Powers, who writes in Merchants Mutual Casualty and Merrimack Mutual Fire auto only and solely for members of Automobile Club of New York, said a study early in 1949 of business written in Merchants showed that the loss ratio for six months beginning Dec. 31, 1948, was 60 to 64%. This excluded claim expense, taxes and overhead. The claims expense runs 10 to 12%.

The agency's premiums in Merchants Feb. 1, 1948, to Oct. 1, 1949, was \$1,003,319. Incurred losses totaled \$663,510. Merrimack business also was unprofitable. Merchants served notice of canceling the agency contract Oct. 5, 1949. Instead an effort was made to improve the business. The city was mapped and no insured was accepted

if he lived in a high frequency accident or so-called congested area. In July, 1949, 720 insured whose policies were coming up for renewal were studied and 15% not renewed because in high frequency areas. Insured in high frequency areas had 34.7% frequency compared with 22.5% in non-congested areas. Other studies were made, showing similar experience and resulting in similar action. Frequency in congested areas was consistently about 50% higher. Congested areas are all Harlem, most of the east side New York including the financial district, lower west side. In Brooklyn several areas including Coney Island, part of Flatbush, etc., south Long Island City, and others and sections of the Bronx.

Beginning Aug. 10, 1949, and continuing two months congested areas insured were canceled. There were 1,715 policies with \$97,000 return premiums. The companies and agency continued to write in non-congested areas, white and colored, and including Jackie Robinson and Roy Campanella of Brooklyn Dodgers.

By this action business produced by the agency has a loss ratio of 43%.

The committee asked if all companies followed the same practice where would these people get insurance, a state

fund? No area in the state is then safe, Sen. Friedman commented.

A. I. Gurevich, Security Mutual Liability, testified about a complaint involving John Mitchell. The company canceled auto cover because Mitchell had a criminal record though the reason given was congestion of area.

Dean M. Parker, New York general manager of Travelers for casualty lines, outlined his company's policy in Harlem. John Lanzetta, an East Harlem broker, was discontinued because of poor experience. Parker subsequently told how Travelers keeps track of each broker's business.

Travelers policy of writing autos is the same in Harlem as elsewhere in the city, Mr. Parker testified. It gets an inspection on every application.

E. I. Weissert, fire underwriter of Travelers, said the company has no set policy in any congested area except the size line it takes is smaller. The \$5 minimum premium is not profitable on any line and the H.H.F. minimum should be at least \$10, he said in response to questioning by Paul Bleakley, committee counsel.

George A. Egan, U. S. F. & G. auto underwriter, said he preferred not to write in a congested area, though the company does so.

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Use of Cost Figures as Aid to Agency

(CONTINUED FROM PAGE 19)

count. If insured has only a \$5 household furniture policy, the agency tries to get the amount increased and the coverage combined with the dwelling policy. This can be done by having the mortgagee clause apply only to item 1 of the insurance. The agency sends an inventory with the suggestion that insured increase the HHF coverage during the time that he is filling out the inventory. If the agency can get only the HHF policy, fire only, it asks for the premium in advance.

Another effort is to add extra expense and rent insurance. Mr. Schwab points out the likelihood that in event insured is forced to abandon his property for a time after a loss, he may be subject to the expense of commuting from one point to another, of extra meals, etc. The agency now has rent insurance in practically every dwelling policy on its books. It is now trying to add extra expense. Practically every policy, has extended coverage.

Ditto on Casualty Side

He then checks for comprehensive personal liability, to add it if insured does not have it, or put it on for three

years if it is written for one.

Mr. Schwab has found that if the agency suggests a coverage of this kind that costs only \$5 or \$10 more, insured will take it without question. Larger items require a weightier sales approach.

The agency has practically ceased writing any coverage for less than three years that can be written for the longer term.

In analyzing his costs, Mr. Schwab noted down a typical Moffatt & Schwab account. This is as follows:

	Prem.	Com.
3-year dwelling ... \$7,000	\$40.25	\$8.95
3-year H.H. with E.C. 3,000	20.25	4.05
3-year CPL 10,000		
250 M.P.	25.00	4.38
Res. & outside theft 1 yr.	26.25	5.91
		\$25.19
3-year fur floater.. 800	14.00	2.80

Can Increase Policy Amount

To improve the account it can combine the dwelling and household furniture to get a \$60.50 premium with a policy commission of \$12.10. It can try to put residence and outside theft on a

three-year basis for \$65.63, getting the commission up to \$14.78. It cannot do much with the fur floater. It may get the automobile policy on which the average premium is around \$70, commission \$13. On automobile the agency recommends B.I. and P.D. level limits and \$2,000 medical payments.

Any agency doing business with run-of-the-mill personal accounts will find it difficult to make a profit, over and above management and sales expense. A few big accounts can change the picture materially. In Mr. Schwab's case, there are practically no large accounts which can be secured. What industry there is on Staten Island has headquarters in New York City and the insurance is controlled from there. It insures very largely personal accounts. It has some mercantile buildings, but these are generally small. Costs and their control become very important along with informed direction of selling time to get maximum results.

RENEWAL INCIDENCE

Mr. Schwab would like to know for how many times fire policies are on the average renewed, throughout the business, as well as automobile and other lines. This information would be very helpful to all agents, and it is information the companies would have to supply. If a policy is written for one year and is not renewed, an agency must get its money out the first year or it cannot afford to devote to it any sales attention. This is particularly important in connection with hiring an additional salesman. If the agency can rely on an average of four renewals, it could come out all right on developing as much premium as full cover auto contracts do. It requires about \$5,000 for a salesman and his expenses. The fire business is much more stable than the automobile, and it may be that the renewal on that line is much higher than it is on automobile, say.

On the side of procedure, Moffatt & Schwab found it was doing things for which there were no good reasons. For example, it was running a separate file for risks by street number, yet need for this information arose only once or twice a year. It also was carrying a policy register. It revised its system to dispense with this. It rearranged its office with good results, putting the clerks in front and the partners in the back. This cut down on traffic considerably.

Using Account Current

Most agents are losing money on fire policies, Mr. Schwab believes. The fire companies object to this conclusion, which is based on per policy cost. They do not think this is a true cost picture, and Mr. Schwab admits it is not accurate from an accounting standpoint. But the method of obtaining cost per policy by use of the account current is not difficult or expensive. It does distinguish between policies and endorsements, Mr. Schwab points out. In his own agency this can be done because the fire policies are kept by number.

Though this kind of analyses shows losses on small policies, an agency can't simply throw them out. They lead to other business. However, they don't lead to other business unless the agency does something about it, and the impetus to do something about it in an intelligent way is supplied by what the costs show.

Mr. Schwab admits that agents today are not much interested in pursuing the cost question. This is because few agents are worried. Many of them have two or three large accounts that make up any slack created by small policies. Business is good.

Big Stake in Term Rule

One point he makes is that the agents have a big stake in the term rule. This is particularly significant since already one state, North Carolina, has called for full justification of the term rule. There is a great advantage to the agent in the

3-year incidence of writing and collection. It costs three times as much to do every year as every three; but more important the agency can handle three times as much business.

Mr. Schwab thinks it does not quite accord with reality to say there is a 50% permissible loss ratio for \$5 policies or \$50,000 policies. Five dollars doesn't take care of expenses, let alone losses, whereas 50% may not be needed on a \$50,000 premium to cover expenses. He wonders why insurance companies on residence policies do not indicate a permissible loss ratio of 35% with 65% for expenses; then on larger mercantile and industrial properties go up to as high as 55% for losses and less for administrative expense. This would need to be done at the rating level. It is more germane than the graded commission and higher minimum premium solutions that have been put forward.

IMPORTANCE OF COST

Regardless of the control the agency can exert on the average premium per policy—and it can exert little—its importance to the well being of the agency cannot be underestimated. It is not fair to say that one agency is more efficient than another though with the same approximate dollar volume one employs two girls and the second has three. If each has \$150,000 in premiums, but one agency gets an average premium of \$65 and the other \$35 a policy, the first handles 2,307 policies and the second 4,285. Naturally, the second agency needs more help.

Mr. Schwab cites the figures on a group of Westchester County agencies, covering a recent year's business. While fire and allied lines make up a large portion of most agency businesses, the average premium for this category varied from \$87.53 in one agency to \$29.44 in another. Many agencies appear to be handling various types of insurance at a loss. Take plate glass, for example, since it has been called a high commission line. The average premium per glass policy in the Westchester survey was \$22.23 with a high of \$28.68 and a low of \$11.76. At a commission of 30%, the average policy develops \$6.60 commission, high agency \$8.60, low \$3.54. At a scale of 25% these figures would be \$5.50, \$7.17 and \$2.94. At 20%, the figures would be \$4.40, \$5.74, and \$2.75.

Effect on Glass

The average agency cost per policy for all agencies countrywide is about \$9.42 (National Assn. of Insurance Agents 1948 survey), showing that even at 30% commission glass policies in Westchester can't be written at a profit. Actually, Westchester agencies showed a \$12.16 cost per policy with a high of \$13.91 and low of \$10.26.


For automobile material damage, the average premium was \$27.99, high \$56.44 and low \$8.76. At 30% the average commission would be \$8.40, high \$17.00 and low \$2.63. For 25%, the figures would be \$7.00, \$14.19 and \$2.19. At 20%: \$4.20, \$11.35, and \$1.75. At 30% the average agency writes this business at a loss. At 25% the high average agency could still write this business at a profit. But any average agency with a material damage premium of \$32.00 or under would be saving money by writing combination automobile policies wherever possible (which of course today is being done pretty largely).

On fire and allied lines a 25% average commission gives producers \$12.75 with the high \$21.88 and low \$7.36. At 20% these figures are \$10.20, \$17.50 and \$5.89. The average premium does not show a profit at 20% though it does at 25%. The low average premium policy is unprofitable at any commission figure up to 35%. The high average premium is profitable at a commission of 15%.

To be profitable for an agency at a 20% commission scale, the average household furniture policy would have to be \$10,000. If the term rule were abolished or radically altered so that in-

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The lines generally profitable, as shown by the Westchester survey, are automobile bodily injury and property damage and compensation, the latter at even a 10% commission. Policies handled at a loss by the average agency appear to be glass, auto material damage and burglary. Liability other than auto, bonds, A. & H., and fire and allied lines are on the borderline.

Conclusiveness is not claimed for the survey, but it is indicative. It is interesting to note that the operating results of the average agency show principals' salaries \$5,812 each, which does not seem too high for the responsible position agency heads assume. Even if this figure were dropped to \$4,000 apiece, the cost per policy would still be about \$10. Regardless of average premium per policy, it appears an agency needs at least a volume of \$45,000 to \$50,000 to support a qualified agency plant prepared properly to service its accounts. For the larger agency the question of profit or loss probably hinges around adherence to good agency management principles and whether average premium per policy is above or below \$55.

Agent, Company Groups to Sponsor Bicycle Safety

National Assn. of Insurance Agents, Assn. of Casualty & Surety Companies and Bicycle Institute of America are co-sponsors of a national bicycle safety campaign that is specifically designed for agent groups. A prize will be awarded to the agent or agent association which promotes and develops the most effective bicycle safety program at the local level.

There are nearly 19 million active bicycle riders. In over two-thirds of accidents involving automobile and bicycles, the cyclist is at fault. Information on the "Bicycle Safety is Good Business" program may be obtained from National Assn. of Insurance Agents at 80 Maiden Lane, New York.

U.S.F.&G. to Discontinue Attorneys List This Year

At the end of this year U.S.F.&G. will discontinue publication of its Attorneys list. The list is the company's oldest department, its founding actually preceding that of the company's by a few months.

Published annually since 1896, the list designates those in the legal profession to whom claims may be sent for collections usually at basic collection ratings. Besides helping merchants and manufacturers reduce their credit risks and minimize losses, it has maintained valuable contacts with the legal profession in every community in the United States and Canada. The company's decision to retire from the credit and collection field was made because of changing times and the desire to confine activities to the general field of insurance and suretyship.

Surety Bill to Committee

WASHINGTON—The Hoey Senate expenditures subcommittee on government employee's surety bonding legislation decided Tuesday to refer that measure, without action on amendments proposed by the companies, to the full expenditures committee for disposal.

Correct General Accident

In the Aug. 10 issue it was stated that General Accident is a multiple line company outside of Chicago and the impression was given that General Accident does not write casualty insurance in Chicago. General Accident has written casualty business in Chicago for many years through the Meeker-Magner agency and Fred S. James & Co., both general agents.

Plans for War Projects Rating in Thought Stage

Revival of the war projects rating plan of the last war or something similar thereto has not yet reached the drafting stage. The problem of insuring war projects on the casualty side is still in the thinking stage. There has been no word from Washington that the government is ready for such an insuring plan and no offer from the casualty insurers that such a plan is being articulated.

However, there is thought being devoted to the subject both by the government and the casualty business. If the war situation does not improve, and apparently it is not going to, or if it gets worse, there is quite likely to be a demand for a war projects rating plan of some kind. This might be somewhat different from the one used in the last war. There would be a natural desire on the part of the insurers to improve the plan in accordance with what they learned from the experience of the last war, and there would be a need

to adjust the plan to the rate regulatory laws, which of course represent new rating machinery to which the new plan would have to be accommodated.

The joint rating committee that functioned in the last war in connection with rating of war projects probably would not be reconstituted, at least along the old lines. The business might be inclined simply to follow the rating law prescriptions. There could be, and likely would be, some organization resembling the joint committee, however, to effect a meeting of the minds on the various problems that are inherent in a war projects rating matter. This is of course permitted under the rating laws, providing the resulting plan is filed.

Cites Abuse of Training Course Certificate in Cal.

The California department, in a bulletin sent to all admitted life and disability insurers showing the results of agents qualifying examinations from July 1, 1949, to June 30, 1950, points out that there are some companies which may be abusing the privilege of obtaining certificates through the use of an approved training course.

The bulletin stated that during the

one year period a single insurer received 648 certificates. Of this number, 57% were cancelled prior to the holders being called for examination. Of those called, 22% failed to appear. Of the remaining 21% who took the examination, 73 passed and 64 failed. The number of those who received permanent licenses was only 11% of the original certificate holders.

Percentages of all applicants passing exams were: Life and disability, 83%; disability only, 62%; life only, 69%.

New Cal. W.C. Pamphlet

Assn. of Casualty & Surety Companies has prepared a revised workmen's compensation law pamphlet for California which includes amendments enacted by the 1949 legislature and additional notations on cases decided since publication of the previous edition. Copies may be obtained from the association offices in New York at \$1.00 each.

Directors of Badger State Casualty have adopted a resolution for the writing of non-assessable policies and the resolution has been accepted by the Wisconsin department. Badger State is a limited mutual automobile company and is now issuing the non-assessable form.



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Paul Fell New Head of Blue Goose

(CONTINUED FROM PAGE 1)

the form of a tea and reception. A cocktail party preceded the dinner and dancing in the evening.

Irving Williams Is Praised

The convention officially opened Wednesday with Mr. Hull presiding. After the preliminaries, a welcome address was given by the Indiana attorney-general and by Walter G. Dithmer, Western Underwriters Assn. and most loyal gander of the Indiana pond. Com-

missioner Frank J. Viehmann of Indiana, in his remarks gave high praise to Irving Williams, Rough Notes Co. Mr. Williams is a charter member of the Indiana pond and was welder for 38 years before being elevated to most loyal gander in 1946. Mr. Viehmann said he owes a great deal to Mr. Williams and wished to take the opportunity to thank him publicly. Mr. Williams ranks with William T. Benallack of Michigan as a grand old man of Blue

Goose. Mr. Benallack again this year was unable to attend the convention because of illness.

The highlight of the morning session was a model initiation conducted by the Kentucky pond "Colonels." Led by J. V. Bowman, Fire Association, Kentucky most loyal gander, the "Colonels" initiation team performed in the dress of Kentucky planters and horse breeders, and their performance received the greatest ovation of the meeting.

Urges Eligibility Study

In his address as most loyal grand gander, Mr. Hull urged that a committee be appointed to study the multiple line operations of companies in an attempt to clarify the eligibility rules. He noted that the ponds now are following a home rule program on eligibility since the grand nest and jurisprudence committee can only lay down broad principles.

Mr. Hull also recommended that the ponds attempt to get out some publication of their own since this is a factor in holding the groups together. He mentioned also the necessity for better initiations.

At the luncheon, Mr. Hull was appointed a Kentucky colonel. The presentation was made by Mr. Bowman amid a flourish of entertaining oratory.

Mr. Kenzel, reporting as grand welder, said that membership is now 11,038, a net gain of nearly 500 for the year. Actually, 1,290 new members were added.

The afternoon was given over to committee and pond reports. This was enlivened with the report of the San Francisco pond given by a delegate in Chinese dress and in the Chinese language.

Big Debate on Representation

The report of the proportionate representation committee by Philip M. Winchester, General Adjustment Bureau, New York, touched off a vote unexpectedly on this issue. Mr. Winchester told the background and then read an amendment the committee had prepared. When it was moved that the report be accepted, the question arose as to whether this was an endorsement of the amendment. A healthy debate ensued. Joseph R. Knowlan of Philadelphia, who originated the proposal in 1947, said that expenses for allowing more delegates from the larger ponds might in some years be high, but normally they would be well within the budget. Further, the grand nest has a big reserve fund which can be used for just such purposes. Mr. Knowlan warned of the danger of large ponds breaking up and causing even more ex-

pense in order to get extra delegates to the meetings.

There was some impassioned oratory from both sides before Mr. Hull called for a vote. Passage required a two-third majority and failed by 22 votes. Most of the support for the plan came from the outlying ponds, while the mid-west was generally against.

Heavy Campaigning

Activity on behalf of the candidate for keeper reached its height Wednesday evening. Headquarters were maintained by the Michigan and Heart of America ponds furthering the causes of Messrs. Herrick and Young. At the Michigan headquarters all the official delegates were given hand-painted neckties inscribed, with a blue goose and the name of their pond.

The contingent supporting Mr. Young had headquarters that were sponsored by five ponds, Heart of America, Iowa, Nebraska, Kansas, and St. Louis.

Wednesday evening was capped with a floor show followed by dancing. Election of new officers and their installation by Mr. Knowlan occupied the Thursday morning session. Philadelphia was named the convention city for 1951.

Novel Nomination for Young

The nomination of Mr. Young was unique. It was accomplished by seven or eight representatives of the five ponds sponsoring him who yielded the floor to each other and presented Mr. Young's qualifications in a brief but dramatic way. The demonstration undoubtedly helped to get some last minute votes for the Heart of America candidate.

George Craig, national commander of American Legion, was the speaker at lunch. He discussed international affairs and urged passage of a universal military training law.

An impressive memorial service occupied the afternoon and in the evening there was the international banquet at which R. A. Kenzel acted as toastmaster and introduced the Blue Goose dignitaries.

Speculate on 1951 Candidates

There is some speculation as to the candidate for grand keeper next year. The man who goes in at that time will be most loyal grand gander in 1956, the 50th anniversary of Blue Goose, and it is generally acknowledged that this meeting will go to the Wisconsin Home Nest. However, it is understood that a man from the eastern territory will go into line. So far only one candidate has been announced, he being Robert L. Wiseman, independent adjuster of Washington. There was talk that West Virginia and Chesapeake ponds may have candidates to be announced later.

Paul M. Fell, the new most loyal grand gander, is one of the founders of Penn pond and is a past most loyal gander. He has been for a number of years on the board of Insurance Institute of America and is a past president of Insurance Society of Philadelphia.

GRAND NEST SIDELIGHTS

J. Ray Hull, the retiring most loyal grand gander, received a gift of a cigarette box from the Ontario pond. This was to have been given Mr. Hull last April when he was scheduled to visit Ontario and was unable to do so because of illness.

A new charter, that of Idaho pond was presented at the meeting. E. W. Trenbath, P.M.L.G.G. of Seattle, made the presentation.

John Henry Martin, the new grand guardian, made the presentation of the membership cup to the San Joaquin pond.

Low gross in the international golf tournament was won by Robert Vork Commercial Union, Indianapolis, and the Canadian winner was I. C. Borland, Calgary. The Canadian team were winners of the tournament.

Miss Jane Campbell, daughter of Fred Campbell, general agent of Wheeling, W. Va., won first prize in the ladies' golf. Mrs. Campbell tied for second place with Mrs. W. J. Rothfuss, whose

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Robert

husband is an independent adjuster at Decatur, Ill.

Paul M. Fell, the new most loyal grand gander, was accompanied to the meeting by his son and daughter-in-law, Mr. and Mrs. George W. Fell. George Fell is special agent for Home at Philadelphia.

The two veteran ganders attending were Irving Williams and Royal A. Buckman. Mr. Buckman is a life member of the Illinois pond and is visiting in Chicago. He makes his home at Lake Wales, Fla.

There were 48 ponds represented at the meeting. R. A. Kenzel in his report as president mentioned that there were 81 delegates on hand.

William T. Benallack, retired secretary of Michigan F&M, now 82 years old, sent his regrets at being unable to attend the meeting in poetic form. Mr. Benallack has lost none of his enthusiasm for Blue Goose and his poetic endeavor was very sprightly.

The ladies of the California pond sent gardenias to all the wives at the meetings. They were shipped by air and arrived in time for the dance Tuesday night.

George R. Pritchett, Bankers Indemnity, Indianapolis, was the general convention chairman. He was the recipient of many compliments on the meeting, but was unable to respond adequately because he lost his voice in a song-fest the first evening. Mr. Pritchett's announcements were somewhat difficult to understand.

The ladies' entertainment was excellent. In charge of this was Anna Fitzgerald, whose husband Donald D. Fitzgerald is state agent for Commercial Union in Indiana. Mr. Fitzgerald was general vice-chairman.

The scrapbook that was in Indiana headquarters at the Minneapolis meeting in 1945, at which Mr. Hull was elected, was at the registration desk at French Lick and was signed by many of those who attended.

A registration list of delegates was gotten out during the meeting by the Kentucky pond. It gave the names of the ganders and wives and their room numbers in the hotel.

Portland Schedule Mixup Now Straightened Out

The plan of Lyman S. Moore, city manager of Portland, Me., to give mutual companies one-half of the \$2,476,460 increase in the city's fire insurance schedule failed to go through. The increase in coverage was based on a recent appraisal and raises the total schedule to \$8,167,460.

Originally there was a misunderstanding in the placing of the coverage, with one mutual agent getting all of the one-half intended for the mutuals. Because of this the order was recalled and now nearly 40 agents share the line.

Participating agents now place their share with their own companies, resulting in about two-thirds of the schedule being placed with stock carriers.

N. H. Secretary Resigns

Edward G. Robinson has resigned as executive secretary of New Hampshire Assn. of Insurance Agents, and secretary of New England Advisory Board to enter the local agency business at Lancaster, N. H. He has purchased the George N. Kent & Son agency there from Mrs. Katherine B. Kent and George A. Skinner. He has been secretary of New Hampshire association since March, 1948.

Calls Valuation Hearing

Commissioner Downey of California has sent to all admitted insurers and other interested persons notice of a public hearing to be held at San Francisco Sept. 11 to consider the adoption of a regulation governing the valuation of properties and securities in the financial statements.

Two Big Kentucky Fires

Two destructive fires in Kentucky recently caused damage of \$150,000 to the H. A. McElroy Co. store at Bowling Green and damage of \$250,000 to the Greer Lumber Co. plant at Morehead. The plants were partially insured.

Robert J. Kiscock, Jr., who has been

with American Automobile at New York, has joined the Brewer & Lord general agency of Boston as special agent, taking the place of Myles J. Leavitt, who has gone with Fireman's Fund.

Schedule Boston Courses

Insurance Library Assn. of Boston will conduct courses in insurance principles, fire, casualty, and inland marine starting this fall.

The fire course will begin Oct. 3 and continue through Dec. 19, and the principles course will start Oct. 5 and run through Dec. 21. Casualty begins Feb. 1 and runs through May 3, and inland marine will start Feb. and continue through April 9.

If there is sufficient demand, the association will give a discussion course on the Massachusetts standard fire policy and an ocean marine course.

Lose City Commissions

Efforts to assure the Lansing (Mich.) Assn. of Insurance Agents the major part of commissions on city business have been nullified by city council action.

The council earlier had voted to pay

commissions on the business, aggregating some \$7,000, to the association with the exception of 5% which would go to individual agents writing the policies. There was dissatisfaction with that arrangement, however, because some participating agents are non-association members.

Judge to Coast Post

Edward V. Judge is being transferred by Atlas from New York to San Francisco to become secretary in the Pacific Coast office. Since March of this year he has been secretary in the eastern department and he has served as underwriter, special agent and executive.

Sandusky Board Has Outing

Sandusky County Insurance Board conducted a stag gathering at Fremont Yacht Club, Fremont, O., last week. There was golfing in the afternoon and a buffet style chicken dinner. There were 17 board members and 38 company men attending. Marvin Pearce, Fremont, was in charge of arrangements.

Reopens Yuma Office

Lyle Adjustment Co. at Phoenix,

Ariz., has reopened its office at Yuma, in the First National Bank building. This makes four full-time offices in Arizona for the Lyle Company plus a service office at Mesa and there are New Mexico offices at Albuquerque and Santa Fe and the DeWitt & Lyle office at El Paso.

C. M. Montgomery Advanced to General Manager

C. M. Montgomery has been named secretary-treasurer and general manager of the National Mutual and Celina Mutual Casualty, Celina, O., to succeed E. J. Brookhart, who died a few days ago. He has been with the companies in various capacities for 27 years. Dewey Dawson, comptroller and assistant secretary-treasurer, with the companies for 19 years, has been elected a director.

Plan Wichita Buyers Clinic

The annual Insurance Buyers Clinic of the Wichita Assn. of Insurance Agents has been set for November. Byron S. Chapell is general chairman with Paul C. Yankey, Jr., as program chairman.

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Excess Clause Governs Apportionment

(CONTINUED FROM PAGE 3)

that case insured contracts with insurer to pay a premium on monthly average inventory and in event of loss he recovers the value of the merchandise destroyed. This arrangement is effected by including in the policy a provisional amount clause, which was in Fulton Fire's policy. Thus the insurance in the provisional reporting form is not a fixed amount as is the case with specific insurance.

The provisional premium on Fulton Fire's policy was based on the average value of insured's stock estimated at \$80,000. But it was subject to revision according to monthly inventory submitted to Fulton. At the end of the policy period the actual premium rate was determined by the monthly average value of the merchandise minus the amount of such specific insurance as was in force during the same period.

Specification of Excess

The Fulton policy emphatically excludes from its coverage, in the usual excess clause, any peril to property named in the policy which at the time of any loss is insured by specific insurance "until the liability of such specific insurance has been exhausted, and then shall cover such loss or damage as may exceed the amount due from such spe-

cific insurance."

Michigan Millers and Northwestern conceive that they are liable for no greater proportion of this loss suffered by insured than the amount insured bore to the entire insurance covering the property. "In this they contend in vain," the court commented. Fulton's policy was written subsequent to those of the specific insurers and it provides definitely for Fulton's liability to attach only to the loss in excess of the insurance provided by those companies, to-wit: \$30,000.

The court below erred in ignoring the excess clause of the Fulton policy and in applying the apportionment clauses of Michigan Millers and Northwestern policies. It has long been established, the court said, that an insurance policy is merely a contract between insured and insurer; that they may contract as they please so long as they do not violate regulatory statutes; and that an excess policy does not attach until the full value protected by specific insurance has been exhausted.

Can't Defeat Excess Clause

The excess clause of a floating policy cannot be defeated by a distinct clause of a policy of specific insurance on the same property where the pro rata clause

of the latter provides that all insurance on the property whether specific or floating is to be considered in the apportionment, the court declared. In such a situation, the court held in *United Underwriters Ins. Co. vs. Powell* that the floating policies did not insure the same property and the insurance under the floating policy did not cover any property then protected by specific insurance.

The other two companies, however, insisted that under the apportionment clauses in their policies they should be required to pay no more than that proportion of the loss which the amounts of their policies bore to the entire insurance. This they asserted to be \$133,682 (because on the day of loss total inventory amounted to \$103,682).

Fulton Policy Anticipated

The two insurers cannot dilute the force of the Fulton policy's excess clause because "its provisions give it a character that determines the issues of the controversy," the court states. The two insurers contend that this paragraph provides that Fulton's insurance does not attach until the liability of the specific insurance has been exhausted, that it expressly covers a loss which exceeds the amount due from the specific insurance, that it does not say that its insurance does not attach until the face value or the amount of the specific insurance is exhausted. They thereby argue that the purport of the excess clause was to afford insurance for all loss exceeding that proportion of the loss for which they were liable after including the amount of Fulton's policy in the apportionment; that Fulton anticipated that the liability of any specific insurance might be reduced below its face amount by such contribution, coinsurance or other similar clause contained in the specific policy.

In advancing such an argument, the two insurers rely upon the distinction between "amount of insurance" and "amount of liability," the former being the face value of the policy whereas the "amount of liability" is a variable factor, dependent upon the extent of the loss and the apportionment clause.

Definition by Court

The court quoted *Stephenson vs. Agricultural*: "The amount of the insurance is the maximum amount of the risk assumed, the face of the policy; the amount of loss is the adjusted damage by fire to the property covered by the policy; the amount of the liability as to any particular loss is the amount of the adjusted damage properly apportionable to the policy."

The California court termed this distinction proper, but pointed out that the cases relied upon by the two insurers were concerned only with apportionment problems and in neither was there a contention by any insurer that its policy was excess over another. Where one policy is excess, this liability of the specific policies is to be determined independently of the surplus insurance. This is clear from the language of the excess clause. Also Fulton's policy anticipated a reduction of the liability of any specific policies below their face values through contribution, coinsurance or like clauses, but this provision was inserted for the benefit of insured and not for the protection of other insurers. Such clauses are distinct from apportionment provisions, the California court stated. The former operate to reduce the amount insured could recover and would function regardless of whether or not there was a provisional policy in the picture.

Would Jeopardize Full Cover

The lower court's judgment if held valid would foreshadow grave perils for full insurance coverage in California, the court stated. It would render difficult and grossly expensive full protection against loss by fire. Where a merchant has a number of establishments with a fluctuating inventory in each with all protected by one or more spe-

cific policies, he must have the benefit of a flexible coverage to be certain of the continuity as well as the growth of his business. If he had only a \$20,000 specific policy on his stock in store and if fire should destroy it while housing a \$100,000 stock, the loss might prove to be tragic. To maintain specific insurance for the latter sum would be exceedingly costly. If a provisional reporting or excess clause policy may be carried, allowing the merchant to pay a premium on his average monthly stock, he may thereby be protected fully at all times. But he cannot without great expense do so if he may not contract to report monthly the value of his merchandise on hand and pay a premium in accordance therewith. Where attempts have been made to defeat the purpose of the provisional reporting and flexible premium scheme, the courts have emphatically rejected them.

Defendants' Authorities

Michigan Millers and Northwestern attempted to distinguish a number of authorities cited in support of the proposition that surplus insurance attaches only after the full coverage of specific policies has been exhausted. They contend that the language of the excess clause referred to in the cited decisions is utterly different from that in the Fulton policy. But a momentary perusal of the cases demonstrates that they are peculiarly apropos. Their excess clauses are substantially identical with that in the Fulton policy. In one cited case, the two insurers erroneously concluded that they applied the formula used, but actually the policies in that case did not provide for excess loss insurance but was excess contributing insurance and would contribute with specific policies whereas the Fulton policy provides that it will pay the excess over the liability of specific insurance.

Plan Three Insurance Courses at Pittsburgh

Three insurance schools will be conducted at Pittsburgh for the 1950-51 term. Almost 400 hours of supervised elementary, advanced, and C.P.C.U. instructions in property and casualty lines will be available.

The elementary school is sponsored by the Insurance Women of Pittsburgh and the advanced course by Pittsburgh Assn. of Insurance Agents.

The C.P.C.U. course, being offered for the first time this year, is being sponsored by the Insurance Club of Pittsburgh.

Assn. Loses City Business

The Sault Ste. Marie, Mich., city commission has acted to divide municipal business as equitably as possible among all licensed agents of the city. Under past arrangements, the business has been turned over to the Sault Assn. of Insurance Agents it was divided among the members.

Mayor Freeman expressed dissatisfaction with this arrangement, declaring it gave the association a monopoly, with five or six agents now being barred from participation in the business.

Commissioners suggested that workmen's compensation and liability coverage be awarded in the future on a bid basis, and it was indicated this policy would be adopted with expiration of present contracts.

Seattle Marine Men Meet

Gilbert N. Weeks, Seattle manager for Atlantic Mutual and Centennial, won the Board of Marine Underwriters of Seattle's annual handicap golf tournament at Rainier Golf Club. He had an 82 with a 21 handicap for a net 611. Stanley Dec of D. K. MacDonald & Co., won the low gross prize with a 78. H. P. Sargent of C. P. Sargent & Co. won the putting contest.

Over 80 marine men participated in the event, which included a cocktail party and banquet.



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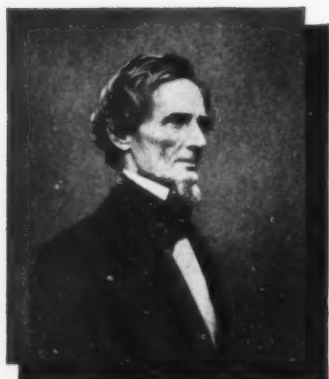
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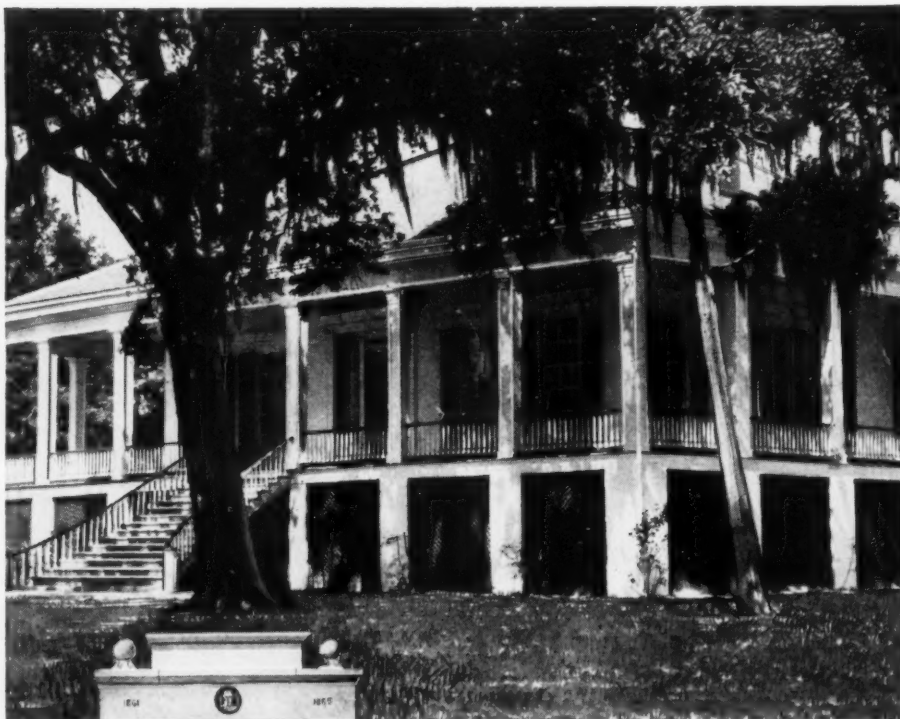
RETREAT TO SERENITY

"THE ORANGES are shining on the trees and our pine-knot fires soar in the chimneys; in their light I try to bury my unhappiness;" thus Jefferson Davis wrote of Beauvoir, the plantation near Biloxi where he spent the last twelve years of his life. His childhood too was spent in Mississippi for, though he was born in Kentucky in 1808, when he was still an infant his family moved to a plantation near Woodville.

While serving in the army after his graduation from West Point, Davis fell in love with Sarah Knox Taylor, daughter of a future President. Colonel Zachary Taylor opposed his suit, however, principally because he was unwilling to have his daughter marry a soldier and it is said that Davis challenged him to a duel but eventually the young couple were married. Resigning from the army, Davis took his bride to Mississippi but within three months she died of malarial fever.

Varina Howell who became Davis's second wife reported on first meeting him that she found him "refined and cultivated" in spite of being a Democrat but would never like him as well as his brother Joe. Nevertheless, their marriage was marked by deep and enduring devotion. At one time Davis, who frequently suffered from ill health, would have lost his sight had it not been for his wife's care.

During the Mexican War Davis re-entered the army and won the nation's homage for his heroism at the battle of Buena Vista where, though wounded, he continued to lead the attack. Within twelve months he became Congressman, colonel, brigadier general and Senator. Later, he served as



Memorial Arch at main entrance to Beauvoir

Secretary of War under President Pierce.

Davis was in the rose garden at Brierfield, his Mississippi plantation, when word came that he had been appointed President of the Confederate States. As he had aspired to command the Southern armies, he received the message so sadly that his wife feared it told of disaster.

Broken in health and spirit after the tragedy of war and his imprisonment in Fortress Monroe, Davis tried various occupations and for a time was head of an insurance company. At length he found sanctuary at Beauvoir which the owner, Mrs.

Sarah A. Dorsey, generously put at his disposal, and here Davis devoted himself to writing. Of his six children all four sons died before Davis passed away in 1889.

Built soon after 1855, Beauvoir is now maintained as the Jefferson Davis Shrine by the Mississippi Divisions of the United Sons of Confederate Veterans and the United Daughters of the Confederacy.

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